



**MARGAUX RESOURCES LTD.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2018 and 2017**  
**EXPRESSED IN CANADIAN DOLLARS**  
**(UNAUDITED)**

**Under National Instrument 51-102, Part 4, subsection 4.3(3)9(a)**, if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Margaux Resources Ltd. as of March 31, 2018, have been compiled by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim condensed financial statements by an entity's auditors.

**MARGAUX RESOURCES LTD.**  
**Statements of Financial Position**

<b>As at</b>	<b>March 31, 2018</b>	September 30, 2017
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,386,910	1,024,387
Other receivables	128,244	24,536
Prepays	12,062	50,735
Deposit	76,000	58,250
<b>TOTAL CURRENT ASSETS</b>	<b>1,603,216</b>	<b>1,157,908</b>
<b>NON-CURRENT</b>		
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<b>169,774</b>	<b>166,415</b>
<b>EXPLORATION AND EVALUATION ASSETS (Note 6)</b>	<b>6,281,548</b>	<b>4,926,031</b>
<b>LONG-TERM PREPAIDS (Note 6)</b>	<b>200,000</b>	<b>200,000</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,651,322</b>	<b>5,292,446</b>
<b>TOTAL ASSETS</b>	<b>8,254,538</b>	<b>6,450,354</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Trade and other payables	36,568	305,718
Flow-through share liability (Note 7)	151,854	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>188,422</b>	<b>305,718</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL (Note 7)</b>	<b>15,986,445</b>	<b>13,135,722</b>
<b>CONTRIBUTED SURPLUS (Note 7)</b>	<b>5,212,478</b>	<b>4,993,467</b>
<b>DEFICIT</b>	<b>(13,132,807)</b>	<b>(11,984,553)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,066,116</b>	<b>6,144,636</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,254,538</b>	<b>6,450,354</b>
<b>GOING CONCERN (Note 2)</b>		
<b>COMMITMENTS (Note 8)</b>		

Approved by the Board of Directors:

“H. Tyler Rice”

H. Tyler Rice, Director

“James Letwin”

James Letwin, Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

# MARGAUX RESOURCES LTD.

## Statements of Net Loss and Comprehensive Loss

	<i>Three months</i>		<i>Six months</i>	
	<b>March 31, 2018</b>	March 31, 2017	<b>March 31, 2018</b>	March 31, 2017
<b>Expenses</b>				
Operating	<b>25,516</b>	33,105	<b>301,395</b>	60,535
General and administrative	<b>428,012</b>	799,510	<b>784,042</b>	1,265,955
Share-based payments (Note 7)	<b>68,399</b>	110,890	<b>137,570</b>	221,640
Depreciation and depletion (Note 5)	<b>9,219</b>	4,896	<b>18,213</b>	10,236
Foreign exchange gain/loss	<b>(123)</b>	1,443	<b>1,302</b>	3,285
<b>Total expenses</b>	<b>531,023</b>	949,844	<b>1,242,522</b>	1,561,651
Flow through share premium (Note 7)	<b>(75,971)</b>	(18,545)	<b>(94,268)</b>	(33,971)
Fair value gain on derivative	-	(1,007)	-	(1,007)
Net loss and comprehensive loss	<b>455,052</b>	930,292	<b>1,148,254</b>	1,526,673
Weighted average number of shares	<b>49,060,605</b>	30,064,488	<b>45,169,087</b>	30,754,192
Basic and diluted loss per common share	<b>(0.01)</b>	(0.03)	<b>(0.02)</b>	(0.05)

*The accompanying notes are an integral part of these condensed interim financial statements.*

**MARGAUX RESOURCES LTD.**  
**Statements Changes in Shareholders' Equity**

	Note	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance as at, September 30, 2016		7,291,304	4,464,557	(9,188,282)	2,567,579
Net loss and comprehensive loss		-	-	(2,796,271)	(2,796,271)
Common shares issued, net costs	7	3,374,733	(32,556)	-	3,342,177
Warrants	7	2,372,431	-	-	2,372,431
Equity component of note payable	7	(2,746)	3,971	-	1,225
Share-based payments	7	-	516,863	-	516,863
Capitalized share-based payments	7	-	40,632	-	40,632
Conversion of note payables		100,000	-	-	100,000
Balance as at, September 30, 2017		13,135,722	4,993,467	(11,984,553)	6,144,636
Net loss and comprehensive loss		-	-	(1,148,254)	(1,148,254)
Common shares issued, net costs	7	2,707,141	(25,955)	-	2,681,186
Warrants	7	143,582	-	-	143,582
Value attributed to expired warrants	7	-	94,708	-	94,708
Share-based payments	7	-	137,570	-	137,570
Capitalized share-based payments	7	-	12,688	-	12,688
Balance as at, March 31, 2018		15,986,445	5,212,478	(13,132,807)	8,066,116

*The accompanying notes are an integral part of these condensed interim financial statements.*

**MARGAUX RESOURCES LTD.**  
**Statements of Cash Flows**

	Three Months		Six Months	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	(455,052)	(930,291)	(1,148,254)	(1,526,673)
Items not affecting cash:				
Share-based payments	68,399	110,890	137,570	221,640
Depreciation and depletion (Note 5)	9,219	4,896	18,213	10,236
Interest on note payables	-	(1,165)	-	-
Prepaid Royalty	-	-	-	(50,000)
Flow through share premium	(75,971)	-	(94,268)	-
Foreign exchange	(123)	-	1,302	-
Change in non-cash working capital				
Trade and other receivables	39,303	2,195	(103,708)	(34,736)
Prepays	4,783	(10,180)	38,673	(16,004)
Deposits	-	-	(17,750)	-
Trade and other payables	(88,341)	253,230	(269,149)	80,881
<b>Net cash used in operating Activities</b>	<b>(497,783)</b>	<b>(570,425)</b>	<b>(1,437,371)</b>	<b>(1,314,656)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from share and warrant issuance, net of costs	-	2,861,886	3,065,552	4,786,607
Flow through share premium	-	30,975	-	15,549
Proceeds from note payables	-	(89,300)	-	(44,300)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>2,803,561</b>	<b>3,065,552</b>	<b>4,757,856</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Property and equipment	(1,999)	-	(21,572)	(87,623)
Exploration and evaluation	(571,387)	(703,872)	(1,242,784)	(1,446,574)
<b>Net cash generated used in investing activities</b>	<b>(573,386)</b>	<b>(703,872)</b>	<b>(1,264,356)</b>	<b>(1,533,837)</b>
<b>Effect of foreign exchange on cash</b>	<b>123</b>	<b>-</b>	<b>(1,302)</b>	<b>-</b>
<b>(DECREASE) INCREASE IN CASH FOR THE PERIOD</b>	<b>(1,071,046)</b>	<b>1,529,264</b>	<b>362,523</b>	<b>1,909,363</b>
<b>CASH – BEGINNING OF PERIOD</b>	<b>2,457,956</b>	<b>1,090,369</b>	<b>1,024,387</b>	<b>710,271</b>
<b>CASH – END OF PERIOD</b>	<b>1,386,910</b>	<b>2,619,633</b>	<b>1,386,910</b>	<b>2,619,633</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

## 1. CORPORATE INFORMATION

Margaux Resources Ltd. (the “Corporation” or “Margaux”) was incorporated under the Alberta Business Corporations Act on August 5, 2009 and was a Capital Pool Company under Policy 2.4 of the TSX Venture Exchange (the “TSX-V”). In January 2011, the Corporation completed an initial public offering (“IPO”) and currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols “MRL” and “MARFF” respectively. The registered address of the Corporation is 1600, 510 – 5<sup>th</sup> Street SW, Calgary, Alberta, T2P 3S2.

The Corporation is a polymetallic exploration company and regional consolidator focused on the exploration and development of previously producing properties in the Kootenay Arc, located in southern British Columbia, including the Jackpot/Oxide, Jersey-Emerald, Sheep Creek and Bayonne properties, on which Margaux has options.

## 2. GOING CONCERN

These condensed interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation is in the process of acquiring and exploring mineral properties in British Columbia. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon:

- the existence of economically recoverable reserves;
- the ability of the Corporation to obtain financing in order to secure and maintain title and beneficial interest in its properties;
- the ability to complete the development of the properties; and,
- the ability to achieve future profitable production from the properties or obtain proceeds from the sale of properties.

Certain conditions exist that may cast significant doubt on the validity of this assumption. The Corporation incurred a net loss of \$455,052 and \$1,148,254 for the three and six months ended March 31, 2018 (2017 - \$930,292 and \$1,526,673) and had negative cash flows from operating activities of \$421,812 and \$1,343,103 (2017 – \$570,425 and \$1,314,656). These condensed interim financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these financial statements. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt.

## 3. BASIS OF PREPARATION

These interim condensed financial statements are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These interim condensed financial statements are presented in Canadian dollars which is the Corporation’s functional currency. In preparing these interim condensed financial statements, the accounting policies, methods of computation and significant judgements made by management in applying the Corporation’s accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited financial statements as at and for the year ended September 30, 2017.

The disclosures herein are incremental to those included with the audited annual financial statements as at and for the year ended September 30, 2017 and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2017. These condensed interim financial statements were authorized for issue by the board of directors on May 24, 2018.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed financial statements follow the same accounting principles and methods of application as those disclosed in note 4 of the Corporation's annual Financial Statements as at and for the year ended September 30, 2017, with the exception of 'Financial Instruments' and 'Revenue Recognition' policies which are amended below.

##### **IFRS 9 – Financial Instruments.**

The Corporation adopted IFRS 9 with a date of initial application as of January 1, 2018, this is the date in which all IFRS 9 classification and measurement is required to be implemented. The Corporation retrospectively adopted the standard and elected not to restate comparative information. There were no material changes in the measurement and carrying values of the Corporation's financial instruments as a result of the adoption. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories of 'held to maturity investments, loans and receivables and other financial liabilities' and 'available for sale financial assets'. The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and the nature of its contractual cash flow characteristics. Embedded derivatives are not separated if the host contract is a financial asset within the scope of IFRS 9; the entire hybrid contract is assessed for classification and measurement.

IFRS 9 replaces the 'incurred credit loss model' in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. Under IFRS 9, credit losses are recognized earlier than under IAS 39; it is no longer necessary for a credit event to have occurred before credit losses are recognized. See Note 11 of the Corporation's annual Financial Statements as at and for the year ended September 30, 2017 for additional disclosure on the Corporation's credit risk.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at January 1, 2018 for each class of the Corporation's financial assets and financial liabilities. The Corporation has no contract assets or financial instruments measured at FVOCI.

Financial Instrument	Measurement Category	
	IAS 39	IFRS 9
Cash	Loans and Receivables	Amortized Cost
Account receivable	Loans and Receivables	Amortized Cost
Accounts payable	Other Financial Liabilities	Amortized Cost

##### **Financial Instruments Policy**

The Corporation recognizes financial assets and financial liabilities, including derivatives, on the statements of financial position when the Corporation becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of or release from the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

##### *Amortized cost*

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities incurred for the purposes of selling or repurchasing in the short-term liabilities, if they are held-for trading and those that meet the definition of a derivative.



*Fair value through other comprehensive income (“FVTOCI”)*

A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (“SPPI”) on the principal amount outstanding.

*Fair value through profit or loss (“FVTPL”)*

All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, this includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Corporation may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**IFRS 15 – Revenue from Contracts with Customers**

The Corporation adopted IFRS 15 on January 1, 2018. The Corporation currently had no contract with customers or revenue in the current or comparative periods. IFRS 15 has had no impact on the financial statements.

**Standards Issued But Not Yet Effective**

**IFRS 16 – Leases** sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’) and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Corporation is in the early stages of evaluating the impact of IFRS 16 on its consolidated financial statements and the extent of the impact has not yet been determined.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

**5. PROPERTY AND EQUIPMENT**

	Petroleum and natural gas assets	Equipment	Total
	\$	\$	\$
<b>Cost</b>			
<b>Balance as at October 1, 2017</b>	<b>272,399</b>	<b>218,714</b>	<b>491,113</b>
Additions	-	21,572	21,572
<b>Balance as at March 31, 2018</b>	<b>272,399</b>	<b>240,286</b>	<b>512,685</b>
<b>Accumulated depletion and depreciation and impairment</b>			
<b>Balance as at October 1, 2017</b>	<b>272,399</b>	<b>52,299</b>	<b>324,698</b>
Charge for the year	-	18,213	18,213
<b>Balance as at March 31, 2018</b>	<b>272,399</b>	<b>70,512</b>	<b>342,911</b>
<b>Net book value</b>			
<b>March 31, 2018</b>	<b>-</b>	<b>169,774</b>	<b>169,774</b>

## 6. EXPLORATION AND EVALUATION ASSETS

	\$
Balance as at October 1, 2017	4,926,031
Additions – Jersey Emerald	816,593
Additions – Jackpot	82,974
Additions – Canex	40,388
Additions – Bayonne & Sheep Creek	380,969
Additions – Ore Hill	34,593
Balance as at March 31, 2018	<b>6,281,548</b>

E&E assets consist of costs expended on the Corporation’s projects which are pending determination of technical feasibility and commercial viability.

Management assessed the E&E assets at March 31, 2018 and determined that no indicators of impairment existed.

During the three and six months ended March 31, 2018, the Corporation primarily focused its activities to mining on its Jersey-Emerald Property, the Jackpot/Oxide Property, the Bayonne Sheep Creek Property, Ore Hill Property and Aspenex Property, located in Salmo, British Columbia.

### Jersey Emerald Property

The Corporation incurred \$ 816,593 of E&E on the Property during the three and six months ended March 31, 2018 relating to exploration activity which included \$300,000 payments to Apex Resources Inc. (“Apex”) as part of the Jersey Emerald Option Agreement.

The Jersey Emerald Property is also subject to several additional net smelter returns (“NSR”), ranging from 1%-3% on various areas of the Jersey Emerald Property and these additional NSRs require advance royalty payments totalling \$50,000 per year. As at March 31, 2018, \$200,000 (2017 - \$150,000) has been paid towards the advance royalty payments and are recorded in long-term prepaids on the statement of financial position.

### Jackpot/Oxide Property

The Corporation incurred \$82,974 of E&E costs on the property during the three and six months ended March 31, 2018 relating to exploration activity.

During the three and six months ended March 31, 2018, the Corporation paid \$30,000 cash in option payments and issued 50,000 shares.

The shares were valued at \$43,500 less a discount of \$9,489 which has been applied due to a resale restriction on the shares (note 7).

### Canex Property

The Corporation incurred \$40,388 of E&E costs on the Canex Property during the three and six months ended March 31, 2018 relating to exploration activity.

### Bayonne & Sheep Creek Properties

The Corporation incurred \$380,969 of E&E costs on the Bayonne Property during the three and six months ended March 31, 2018 relating to exploration activity.

### Ore Hill Property

The Corporation incurred \$34,593 of E&E costs on the Ore Hill Property during the three and six months ended March 31, 2018 relating to exploration activity.

## 7. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS

### Authorized

Unlimited number of common shares

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Issued	March 31, 2018		September 30, 2017	
	Common Shares	Amount	Common Shares	Amount
Opening balance	49,843,118	\$10,015,899	29,093,938	\$6,541,166
Shares issued, net (a)(b)(c)(e)(f)(g)	10,439,063	2,707,142	20,749,180	3,474,733
<b>Closing Balance</b>	<b>60,282,181</b>	<b>\$12,723,041</b>	49,843,118	\$10,015,899
<b>Warrants</b>				
Opening balance	15,224,823	3,119,823	4,775,000	747,392
Warrant Issuance (d)	2,888,798	143,581	10,449,823	2,372,431
<b>Closing balance</b>	<b>18,113,621</b>	<b>3,263,404</b>	15,224,823	3,119,823
Note payable – equity component	-	-	-	(2,746)
<b>Total Share Capital</b>		<b>\$15,986,445</b>		\$13,135,722

- (a) On December 1, 2017, the Corporation issued 150,000 common shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016 and as per TSV-V approval received on December 1, 2016. The common shares were valued at a market price of \$0.29 per common share. The shares carry a resale restriction the expire on April 1, 2018.
- (b) On December 6, 2017, the Corporation closed a non-brokered private placement of 4,399,999 units of the Corporation at a purchase price of \$0.30 per unit and 1,134,943 common shares of the Corporation issued on a “CEE flow-through” basis pursuant to the Income Tax Act (Canada) at a price of \$0.36 per Flow-Through share for aggregate proceeds of \$1,728,579. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant is exercisable by the holder at a price of \$0.40 per warrant for a period of two years from December 6, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Share of the TSX-V exceeds \$0.50 per share.
- (c) On December 22, 2017, the Corporation closed a non-brokered private placement of 1,377,600 units of the Corporation at a purchase price of \$0.30 per unit and 3,076,521 common shares of the Corporation issued on a “CEE flow-through” basis pursuant to the Income Tax Act (Canada) at a price of \$0.36 per Flow-Through share for aggregate proceeds of \$1,520,828. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant is exercisable by the holder at a price of \$0.40 per warrant for a period of two years from December 22, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Share of the TSX-V exceeds \$0.50 per share.
- (d) As part of the non-flow through units issued on December 6, 2017 and December 22, 2017 (note 7(a)(b)); subscribers received one-half warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.40 for a period of 24 months from the date of closing. All warrants vest immediately. A value of \$476,578 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders’ equity. The fair value of these warrants was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

## 7. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

Risk-free rate	1.05% - 1.16%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	127%
Weighted-average fair value	\$0.16
Expected Life	2 years

- (e) On February 6, 2018, the Corporation issued 150,000 common shares as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The common shares were valued at a market price of \$0.30 per common share. The shares carry a resale restriction the expire on June 7, 2018.
- (f) On March 5, 2018, the Corporation issued 50,000 common shares as per the Canex Property option agreement signed on January 19, 2017 and as per TSV-V approval received on March 3, 2017. The common shares were valued at a market price of \$0.29 per common share. The shares carry a resale restriction the expire on July 6, 2018.
- (g) On March 29, 2018, the Corporation issued 100,000 common shares as per the Ore Hill Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The common shares were valued at a market price of \$0.24 per common share. The shares carry a resale restriction the expire on July 30, 2018.

### Flow-through shares

During the three and six months ended March 31, 2018, the Corporation raised \$1,516,127 on a CEE flow-through share basis and was required to incur a net total of \$1,516,127 of qualifying expenditures to renounce the tax deductions to investors. As at March 31, 2018, \$832,784 of qualifying expenditures were incurred which requires the Corporation to expend a further \$683,343 to meet its minimum flow-through share expenditure commitment. The total flow-through share premium recorded \$246,122 on the issuance of the flow-through share expenditure has been amortized in the amount of \$94,268 to reflect the proportion of expenditures incurred to March 31, 2018. The amortization is reflected as flow-through premium in the statement of net loss and comprehensive loss. The Corporation expects to expend the remaining amount during the fiscal year 2018.

### Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted-average Exercise Price	Weighted-average Life (years)
Exercisable as at September 30, 2017	2,446,654	\$0.20	3.4
Outstanding at September 30, 2017	4,840,000	\$0.24	3.8
<b>Exercisable as at March 31, 2018</b>	<b>2,939,988</b>	<b>\$0.20</b>	<b>3.3</b>
<b>Forfeited</b>	<b>123,335</b>		
<b>Outstanding at March 31, 2018</b>	<b>4,716,665</b>	<b>\$0.24</b>	<b>3.3</b>

No options were issued during the three and six months ended March 31, 2018. At March 31, 2018, the weighted-average life of the options outstanding was 3.3 years (2017 – 4.1 years).

## 7. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

### Contributed Surplus

Description	March 31, 2018	September 30, 2017
Opening balance	\$ 4,993,467	\$ 4,464,557
Share-based payments	137,570	516,863
Capitalized share-based payments	12,688	40,632
Discount due to resale restriction (Note 7)	(25,954)	(32,556)
Equity component of note payable	-	3,971
Expired Warrants	94,707	-
<b>Closing balance</b>	<b>\$ 5,212,478</b>	<b>\$ 4,993,467</b>

## 8. COMMITMENTS

### (a) Rental Payments

The Corporation has leases for office space in Calgary, Alberta which expire in October 2018. For the three and six months ended March 31, 2018, the total minimum rental payments under the office space lease is \$7,833.

### (b) Vehicle Operating Leases

The Corporation has leases for vehicles which expire in May 2018 and Oct 2019. The following is a schedule, by year, of the future minimum lease payments under the operating lease agreements:

2018 - \$8,093
2019 - \$10,187
2020 - \$849

## 9. GENERAL AND ADMINISTRATIVE

General and administrative details for the three and six months ended March 31:

	3 Months		6 Months	
	2018	2017	2018	2017
Consulting	\$ 160,716	\$ 243,280	\$ 275,128	\$ 408,249
Travel & Meals	18,940	57,587	67,745	114,310
Office & Administrative	13,438	45,127	35,220	93,031
Marketing	198,166	372,276	309,368	480,050
Professional Fees	36,752	81,240	96,581	170,315
<b>Total</b>	<b>\$ 428,012</b>	<b>\$ 799,510</b>	<b>\$ 784,042</b>	<b>\$ 1,265,955</b>

## 10. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at March 31, 2018, the Corporation had an amount of \$5,318 (2017 - \$nil) due to directors and officers included in trade and other payables.

During the three and six months ended March 31, 2018, the Corporation was provided geological consulting services in the amount of \$nil (2017 - \$11,751) from a Company controlled by a director of the Corporation. The Corporation paid \$66,000 (2017 - \$20,000) to an officer for compensation as Vice President Exploration of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost.

The Corporation also incurred professional services in the amount of \$25,000 (2017 - \$33,338) provided by a Company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses.

An aggregate of \$33,750 (2017 - \$45,900) in consulting fees was paid to a corporation owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$115,000 (2017 - \$110,500) in consulting fees were paid to a corporation owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of \$14,075 (2017 - \$63,700) and equipment rental fees of \$nil (2017 - \$9,000) were also reimbursed to a director and officer of the Corporation recorded in general and administrative expenses on the statement of net loss and comprehensive loss. Costs associated with property and equipment of \$10,250 (2017 - \$nil) was reimbursed to a director and officer of the Corporation recorded in property and equipment on the statement of financial position.

**Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the year were as follows:

	<b>March 31, 2018</b>	March 31, 2017
	\$	\$
Share-based payments	<b>137,570</b>	221,640
Capitalized share-based payments	<b>12,688</b>	-
<b>Total</b>	<b>150,258</b>	221,640