



MUSTANG MINERALS CORP.

**INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018**

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Notice of no auditor review of interim financial statements:

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

The accompanying interim unaudited condensed consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

MUSTANG MINERALS CORP.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT**

(In Canadian dollars)

	March 31, 2018	December 31, 2017
ASSETS		
Current		
Cash	\$2,583,776	\$2,573,886
Marketable securities, available-for-sale, (Note 5)	78,984	83,612
Amounts receivable, (Note 5)	51,172	508,266
Prepays, (Note 5)	340,991	316,800
Total current assets	3,054,923	3,482,564
MINING INTERESTS, (Note 6)	27,120,938	26,900,363
CAPITAL ASSETS, (Note 7)	1,923	2,052
Total assets	\$30,177,784	\$30,384,979
LIABILITIES		
Current		
Accounts payable and accrued liabilities, (Notes 9 and 10)	\$470,895	\$428,309
Total current liabilities	470,895	428,309
Deferred income taxes	43,000	43,000
Total liabilities	513,895	471,309
SHAREHOLDERS' EQUITY		
Capital stock	49,397,409	49,397,409
Contributed surplus	7,203,571	7,309,821
Accumulated other comprehensive loss	(9,950)	(5,322)
Deficit	(26,927,140)	(26,788,238)
Total shareholders' equity	29,663,890	29,913,670
Total liabilities and shareholders' equity	\$30,177,784	\$30,384,979

Going concern (Note 2)

Commitments and contingencies (Notes 6 and 9)

Approved on Behalf of the Board'Thomas W. Meredith' Director'Robin Dunbar' Director

MUSTANG MINERALS CORP.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(In Canadian dollars)

	For the three months ended	
	March 31,	
	2018	2017
Expenses		
Office, general and administrative	\$127,459	\$13,738
Management fees and directors fees	74,333	38,914
Professional and consulting fees	28,710	1,664
Amortization (Note 7)	129	175
Public company costs	19,963	11,138
Gain on disposition of mining interests (Note 6)	-	(25,000)
Loss from operations before the undernoted	(250,594)	(40,629)
Other income	5,442	-
Net loss for the year	(245,152)	(40,629)
Other comprehensive income (loss)		
Net increase (decrease) in fair value of marketable securities	(4,628)	8,946
Comprehensive loss for the year	\$ (249,780)	\$ (31,683)
Loss per share		
Basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	42,034,264	25,647,260

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

MUSTANG MINERALS CORP.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2018 AND 2016**

(In Canadian dollars)

	Capital Stock		Contributed	Accumulated		
	# of shares	Amount	Surplus	Deficit	Other Comprehensive Income	Total
		\$	\$	\$	\$	\$
Balance, December 31, 2016	25,647,260	46,866,255	5,707,257	(26,754,722)	(18,469)	25,800,321
Net loss for the period	-	-	-	(40,629)	-	(40,629)
Other comprehensive income for the period	-	-	-	-	8,946	8,946
Balance, March 31, 2017	25,647,260	46,866,255	5,707,257	(26,795,351)	(9,523)	25,768,638
Balance, December 31, 2017	42,034,264	49,397,409	7,309,821	(26,788,238)	(5,322)	29,913,670
Options expired	-	-	(106,250)	106,250	-	-
Net loss for the period	-	-	-	(245,152)	-	(245,152)
Other comprehensive income for the period	-	-	-	-	(4,628)	(4,628)
Balance, March 31, 2018	42,034,264	49,397,409	7,203,571	(26,927,140)	(9,950)	29,663,890

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

MUSTANG MINERALS CORP.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31,**

(In Canadian dollars)

	2018	2017
Cash flows used in operating activities		
Net loss for the period	\$ (245,152)	\$ (40,629)
Adjustments not affecting cash		
Amortization	129	175
Changes in non-cash working capital		
Amounts receivable	457,094	(8,882)
Prepays	(24,191)	(9,250)
Accounts payable and accrued liabilities	42,586	10,171
Cash flows from (used) in operating activities	230,466	(48,415)
Cash flows used in investing activities		
Increase in mining interests	(220,576)	(13,906)
Cash flows used in investing activities	(220,576)	(13,906)
Change in cash for the period	9,890	(62,321)
Cash, beginning of period	2,573,886	622,579
Cash, end of period	\$ 2,583,776	\$ 560,258

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements

MUSTANG MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

(In Canadian dollars)

1. GENERAL INFORMATION

Mustang Minerals Corp. (the "Company") was incorporated under the laws of Ontario on July 15, 1997 and is engaged in the business of exploring and developing base and precious metal mineral properties. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. The principal business address of the Company is 3335 Yonge Street, Suite 305 Toronto, Ontario, M4N 2M1.

The interim unaudited condensed consolidated financial statements of the Company for the periods ended March 31, 2018 and 2017 were authorized for issue in accordance with a resolution of the Board of Directors on May 28, 2018.

2. GOING CONCERN

The Company's ability to realize the costs it has incurred to date on its properties is dependent upon it being able to identify economically recoverable reserves; to finance their exploration and evaluation costs; to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the reserves; and to attain profitable operations.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, and political uncertainty.

The Company has cumulative operating losses at March 31, 2018. The Company expects to incur further losses in the exploration and development of its properties. The Company will have an ongoing need for equity financing for working capital and exploration and development of its properties.

These interim unaudited condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying interim unaudited condensed consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

MUSTANG MINERALS CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018**

(In Canadian dollars)

Details of deficit and working capital of the Company are as follows:

	March 31, 2018 \$	December 31, 2017 \$
Deficit	27,033,390	26,788,238
Working capital	2,584,028	3,054,255

3. BASIS OF PREPARATION

These interim unaudited condensed consolidated financial statements are presented in accordance with IFRS and in particular in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). IFRS represents standards and interpretations approved by the IASB, and are comprised of IFRSs, International Accounting Standards (“IASs”), and interpretations issued by the IFRS Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”).

4. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

These interim unaudited condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

These interim unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Global Nickel Inc., a Canadian federally incorporated company, and Maskwa Nickel Chrome Mines Limited which is a Manitoba corporation and is owned 72.56%. The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

Basis of measurement

These interim unaudited condensed consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, and have been prepared using the accrual basis of accounting except for cash flow information.

Mining interests – acquisition costs and exploration expenditures

Acquisition costs and exploration expenditures relating to properties that are incurred after the legal right to explore has been obtained are capitalized until the properties are brought into production, at which time they are amortized on a unit-of-production basis. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned, impaired or sold and their related capitalized exploration costs are expensed to operations in the year of abandonment or sale. The amounts shown as mining interests represent unamortized costs to date and do not necessarily reflect present or future values.

Costs include the cash consideration and the fair market value of shares issued for the acquisition and exploration of properties. The carrying value is reduced by option proceeds received until such time as the exploration property acquisition assets and exploration and evaluation assets are reduced to nominal amounts. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company are recorded in the accounts at the time of payment.

When a project is considered to no longer have commercially viable prospects for the Company, mining interest assets in respect of that property are assessed as impaired and written off to the consolidated statement of operations. The Company also assesses mining interest assets for impairment when other facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Impairment

Financial assets

At the end of each reporting year, the Company assesses its financial assets to determine whether there is any objective evidence that they are impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations.

Non-financial assets

At the end of each reporting year, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in the consolidated statement of operations.

Provisions and decommissioning liabilities

Provisions, which include decommissioning liabilities, are liabilities that are uncertain in timing or amount. The Company records a provision when:

- (i) the Company has a present obligation, legal or constructive, as a result of a past event;
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

Constructive obligations are obligations that derive from the Company's actions where:

- (i) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
- (ii) as a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting year and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the carrying amount of a provision increases in each year to reflect the passage of time. This increase (accretion expense) is included in finance costs in the consolidated statement of operations.

The Company did not have any material reclamation provisions or decommissioning liabilities as at March 31, 2018 and 2017.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. During the periods ended March 31, 2018 and 2017, all outstanding options and warrants were considered anti-dilutive and were therefore excluded from the diluted loss per share calculation.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the consolidated statement of operations except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

(In Canadian dollars)

Current income tax

Current income tax expense is based on the results for the year as adjusted for items that are not taxable and not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting year. Management at the end of each reporting year evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the financial statements and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the asset and liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Flow-through share financings

The Company periodically finances a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to capital stock and any difference between that amount and the issue price is recognized as a flow-through share premium and recognized as a liability in the consolidated statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred income tax liability and corresponding deferred income tax expense is recognized and the liability previously recorded as a flow through share premium is recorded to flow-through share premium income. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred income tax liability and record a recovery on the consolidated statement of operations. The related exploration costs are charged to mining interest assets.

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company's operations. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the rate at the time of the transaction. Any resulting gain or loss is recorded in the consolidated statement of operations.

Financial instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "fair value through profit or loss ("FVTPL")", "available for sale" financial assets, "held to maturity", "loans and receivables", or "other" financial liabilities. FVTPL financial instruments are measured at their fair value with changes in fair value recognized in net loss for the year. Available for sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income (loss) until the asset is removed from the consolidated statement of financial position or until impairment is assessed as other than temporary. Held to maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments recorded at fair value by valuation technique:

Level 1: The fair value measurements are classified as level 1 if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.

Level 2: The fair value measurements are classified as level 2 when inputs other than quoted prices in level 1 which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: The fair value measurements are classified as level 3 when inputs require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs.

Share-based payments

The Company applies the fair value method of accounting for share-based payments granted to employees and other individuals providing similar services. The fair value of options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Each tranche of an option that vests over time is considered a separate award and the fair value of each tranche is expensed over its vesting period with the corresponding credit to contributed surplus. The fair value of options granted is recorded in contributed surplus. Cash consideration received from employees on exercise of options is credited to share capital along with the original grant date fair value of the options exercised. The value of options forfeited before vesting is removed from the option reserve and credited to operations, while the value of options that expire after vesting is credited directly to deficit.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the estimated fair value of the share-based payments are used. The measurement date is generally the date the goods or services are received.

Warrants

All warrants issued are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in contributed surplus.

Capital assets

Recognition and Measurement

Capital assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Amortization

Equipment and automobile are depreciated annually on a straight-line basis using rates of 20% and 30% respectively. Mill equipment, once ready for its intended use, is expected to be amortized annually on a straight-line basis at a rate of 20%.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases,

unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

Segmented information

The Company conducts all of its operations in Canada in one business segment.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these interim unaudited condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of mining interest costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of mining interests and capital assets

While assessing whether any indications of impairment exist for mining interest assets and capital assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, and economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mining interest assets. Internal sources of information include the manner in which mining interest assets and capital assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining interests, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and capital assets.

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

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(In Canadian dollars)

Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company’s financial position and results of operation.

Commitments and contingencies

Refer to Notes 6 and 9.

5. MARKETABLE SECURITIES, ACCOUNTS RECEIVABLE, AND PREPAIDS**Marketable securities:**

The Company’s marketable securities have been designated as available-for-sale and are reported at fair value based on quoted market prices as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Aquila Resources Inc.	55,681	55,681
Other	23,303	27,931
	<u>78,984</u>	<u>83,612</u>

Amounts receivable:

The amounts receivable balance is analyzed as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Amounts receivable related to the private placements	-	457,939
Amounts receivable from a government	51,172	25,997
Other	-	24,330
	<u>51,172</u>	<u>508,266</u>

Prepays:

The Company entered into a contract for advisory services for which it paid \$320,000 and a contract for media services for which it paid \$120,000. The advisory services contract covers the period December 15, 2017 to June 14, 2019. The media services contract covers the period January 1, 2018 to September 30, 2018. The amount paid for contract is

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(In Canadian dollars)

being amortized over the life of the contract. The prepaid balance is analyzed as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Advisory services prepaid balance	257,667	311,000
Media services prepaid balance	80,000	-
Other	3,324	5,800
	<u>340,991</u>	<u>316,800</u>

6. MINING INTERESTS AND COMMITMENTS

For the period ended March 31, 2018

MANITOBA	December 31, 2017	Exploration	March 31, 2018
Makwa	\$ 16,164,594	\$ 140,725	\$ 16,305,319
Mayville	10,415,986	29,850	10,445,836
Tanco (Mayville lithium)	319,783	50,000	369,783
	<u>\$ 26,900,363</u>	<u>\$ 220,575</u>	<u>\$ 27,120,938</u>

For the year ended December 31, 2017

MANITOBA	January 1, 2017	Exploration	December 31, 2017
Makwa	\$ 16,133,984	\$ 30,610	\$ 16,164,594
Mayville	10,394,562	21,424	10,415,986
Tanco (Mayville lithium)	319,783	-	319,783
	<u>\$ 26,848,329</u>	<u>\$ 52,034</u>	<u>\$ 26,900,363</u>

It is in the normal course of business for the Company to acquire and divest mining claims based on the results of exploration. Certain of the properties are subject to a Net Smelter Return royalty ("NSR") payable on future mineral production.

MANITOBA**MAKWA**

The Makwa property is a nickel copper platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. During 2004, the Company acquired a 100% interest by acquiring all of the shares of Global Nickel Inc., a federally incorporated company that owns the mineral rights to the Makwa Property. To acquire the shares the Company paid \$500,000 cash and issued 6,679,000 common shares valued at \$0.43 per share, representing the quoted share price of the Company at the time of the transaction.

The mineral rights of the Makwa Property consist of a mineral lease, a surface lease, and mining claims held by the Company. An annual payment of approximately \$10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing.

MAYVILLE

The Mayville property is a copper nickel platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. The Company acquired a cumulative 89% interest in the property (consisting of mining claims) in 2005. A direct 60% interest was acquired from the vendor for consideration of \$90,000 in cash, a note for \$165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005).

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(In Canadian dollars)

This 60% interest is subject to a 2% royalty interest.

The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited (“MNCM”), a company which holds the remaining 40% interest in the Mayville property. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of \$120,000. A royalty payment in the amount of \$210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property.

TANCO (MAYVILLE LITHIUM)

The Tanco property is an exploration project located near Lac du Bonnet, in south east Manitoba. On June 30, 2010, the Company entered into an option agreement with Tantalum Mining Corporation of Canada and has now acquired a 100% interest in the base and precious metal rights of a property located in southeast Manitoba. Pursuant to the terms of the option agreement, the Company made cash option payments totaling \$45,000, and incurred expenditures of \$312,600. The property is subject to a 2% NSR. The Company acquired rights to lithium and rare metals on the property in 2017 in return for a retained right of Tantalum Mining Corporation, on normal commercial terms, to purchase products produced from the property.

EAST BULL LAKE

The East Bull Lake property (“EBL”) is a platinum group metals (“PGM”) - nickel - copper exploration project located in the Sudbury Mining Division, Ontario, Canada. The Company has fulfilled its commitments to earn a 100% interest in the mining claims comprising the EBL property. The property is subject to an NSR of up to 3% to the underlying option holders. The Company has no plans to explore the property and all costs on the property have been written off.

During 2017 the Company sold one of its non-core East Bull Lake claims for \$25,000 cash plus a 0.5% net smelter royalty. The carrying value of these claims had been previously written off.

BANNOCKBURN

The Bannockburn property is a nickel copper PGM exploration project located in the Sudbury Mining Division, Ontario, Canada. The property package consists of optioned mining claims and staked mining claims. The Company has completed its option commitments to earn a 100% interest in the core claims comprising the Bannockburn property. The core part of the property is subject to a 2% NSR. The Company has no plans to explore the property and all costs on the property have been written off.

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7. CAPITAL ASSETS

	Equipment	Automobile	Total
	\$	\$	\$
<u>Cost</u>			
Balance December 31, 2017 and March 31, 2018	96,956	32,687	129,643
<u>Amortization</u>			
Balance December 31, 2016	95,678	31,213	126,891
Amortization for the year	260	440	700
Balance December 31, 2017	95,938	31,653	127,591
Amortization for the period	51	78	129
Balance March 31, 2018	95,989	31,731	127,720
<u>Net book value</u>			
Balance December 31, 2017	1,018	1,034	2,052
Balance March 31, 2018	967	956	1,923

8. CAPITAL STOCK**(a) Common shares****Authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares.

There was no change to the common stock issued and outstanding during the period ended March 31, 2018.

During the year ended December 31, 2017 the following common share activity occurred:

- The Company completed a 10 for 1 share consolidation which commenced trading on a post-consolidation basis on October 26, 2017. All share, option, warrant and per share amounts in these interim unaudited condensed consolidated financial statements have been retroactively restated to reflect this share consolidation.
- 500,508 common shares were issued in partial satisfaction of an indemnification provided to flow-through share subscribers (see Note 9). The shares were valued at \$58,713, being the quoted market value at which the shares traded on the date they were issued. A total of 24,113 of these shares were issued to a director and officer of the Company.
- On October 26, 2017, the Company issued a total of 8,000,000 units under a private placement for total gross proceeds of \$1,000,000, with each unit consisting of one common share and one warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per share for a period of three (3) years from the date of issuance. A director and officer of the Company subscribed for 80,000 units and a corporation controlled by this director and officer subscribed for 800,000 units.

The Company paid cash finder's fees of \$86,435 and issued 446,800 finder's warrants, with each finder's warrant exercisable for one common share in the capital of the Company at the price of \$0.15 per share, expiring three (3) years from the date of closing of the Offering.

- In three tranches on November 27, December 19, and December 29, 2017, the Company issued 7,586,496 units under a private placement raising a total of \$2,655,274. Each unit was issued at \$0.35 and consisted of one common share in the capital of the Company and one half of one non-transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.45 per share for a period of three years from the closing date.

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The Company paid cash finder's fees of \$187,269 and issued 421,236 finder's warrants, with each finder's warrant exercisable for one common share in the capital of the Company at the price of \$0.45 per share, expiring three (3) years from the date of closing of the offering.

- e. The Company issued 300,000 common shares on exercise of warrants for gross proceeds of \$45,000. The original fair value of the warrants was estimated to be \$13,800 which amount was transferred from contributed surplus to capital stock.

(b) Stock option plan and stock-based compensation

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

The following summarizes the employees, directors, officers and consultants' stock options that have been granted, exercised, expired, vested or cancelled during the periods ended March 31, 2018 and 2017. Historic information reflected as follows is adjusted to reflect the 10 for 1 consolidation of the common shares that took place during 2017:

	Number of Options	Weighted Average Exercise Price \$
Balance, December 31, 2016	212,500	1.20
Granted during 2017	1,855,000	0.35
Balance, December 31, 2017	2,067,500	0.44
Expired during 2018	(212,500)	1.20
Balance, March 31, 2018	1,855,000	0.35

During the three months ended March 31, 2018, 212,500 options expired. The original fair value of those options was estimated to be \$106,250 which amount was transferred from contributed surplus to deficit.

On November 1, 2017, 1,855,000 options were granted, exercisable at \$0.35, and that vested immediately. The options expire on November 1, 2022, and have been valued at \$534,435 using the Black-Scholes option pricing model based on the following weighted average assumptions:

Expected dividend yield	0%
Expected annual volatility	120%
Risk-free interest rate	1.62%
Expected average life	5 years

The following table summarizes information about stock options outstanding and exercisable at March 31, 2018:

Weighted average exercise price	Number of options outstanding and exercisable	Expiry date
\$0.35	1,855,000	November 1, 2023

(c) Warrants

The Company had no warrant activity during the three months ended March 31, 2018.

During 2017 the Company had the following warrant activity:

- a. In connection with the financing described in 8(a) c. the Company issued 8,000,000 warrants and 446,800 finder's warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15

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per share at any time from October 26, 2017 until October 26, 2020. The warrants and the finder's warrants have been valued at \$390,560 using the Black-Scholes option pricing model based on the following weighted average assumptions:

- (i) Expected dividend yield 0%
- (ii) Expected annual volatility 120%
- (iii) Risk-free interest rate 1.51%
- (iv) Expected average life 3 years

- b. In connection with the financing described in 8(a) d. the Company issued 3,793,248 warrants and 421,236 finder's warrants. Each warrant and finder's warrant entitles the holder to acquire one common share at a price of \$0.45 per share for a period of three years from the closing dates, as noted in 8(a)d. The warrants and the finder's warrants have been valued at \$730,369 using the Black-Scholes option pricing model based on the following weighted average assumptions:

- (i) Expected dividend yield 0%
- (ii) Expected annual volatility 120%
- (iii) Risk-free interest rate 1.47% to 1.73%
- (iv) Expected average life 3 years

- c. A total of 300,000 warrants were exercised for gross proceeds of \$45,000. The original fair value of the warrants was estimated to be \$13,800 which amount was transferred from contributed surplus to capital stock.

A summary of warrant activity for the year ended December 31, 2017 and the three months ended March 31, 2018 is as follows:

	Note	Number of Warrants	Weighted-average exercise price (\$)
Balance, December 31, 2016		-	-
Warrants issued under a private placement	8(c)a.	8,446,800	0.15
Warrants issued under a private placement	8(c)b.	4,214,485	0.45
Warrants exercised	8(c)c.	(300,000)	0.15
Balance, December 31, 2017 and March 31, 2018		12,361,285	0.25

As at March 31, 2018, the following common share purchase warrants were outstanding:

Expiration date	Number of Warrants	Exercise Price (\$)
October 26, 2020	8,146,800	0.15
November 27, 2020	2,102,857	0.45
December 19, 2020	1,842,878	0.45
December 28, 2020	268,750	0.45
Balance, March 31, 2018	12,361,285	0.25

9. COMMITMENTS AND CONTINGENCIES

At March 31, 2018, the Company has an office lease commitment amounting to \$25,110 per annum through April 30, 2021.

See Note 6 for details of other commitments and contingencies.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

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The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

During 2015, the Company's flow-through renunciation and related expenditures from 2010 to 2013 were audited by the Canadian Revenue Agency ("CRA"). CRA determined that certain amounts reported as eligible expenditures did not qualify as such and the Company has recorded a liability in the amount of \$391,039 at March 31, 2018 (2017 - \$1,241,000).

10. RELATED PARTY TRANSACTIONS

Director's fees, professional fees and other compensation of directors and key management personnel were as follows for the three months ended March 31:

	2018	2017
	\$	\$
Short-term compensation and benefits	64,749	28,500
Share-based payments (stock option grants)	-	-
Total key management compensation	64,749	28,500

As at March 31, 2018, accounts payable and accrued liabilities includes \$4,949 (2017 - \$89,750) owing to key management personnel.

Legal fees were charged by a legal firm during the three months ended March 31, 2018, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$31,990 (2017 - \$1,393).

Amounts due to related parties included in accounts payable, are unsecured, non-interest bearing, and have no fixed terms of re-payment.

See notes 8(a)b. and 8(a)c.

11. FINANCIAL INSTRUMENTS

The carrying amounts for cash, amounts receivable, marketable securities and accounts payable and accrued liabilities approximate their estimated fair value due to the short term nature of these financial instruments.

Cash and accounts receivable are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Marketable securities are classified as available for sale financial assets and are measured at their fair value. Changes in fair value are included in other comprehensive income (loss) until the asset is removed from the consolidated statement of financial position or until impairment is assessed as other than temporary.

Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly for the periods ended March 31, 2018 and 2017.

Credit Risk

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The Company's credit risk is primarily attributable to amounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instruments included in accounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at March 31, 2018, the Company had current assets of \$3,054,923 (December 31, 2017 - \$3,482,564) to settle current liabilities of \$470,895 (December 31, 2017 - \$428,309). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration and evaluation stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- (i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

12. CAPITAL MANAGEMENT

Capital management is reflected by the manner in which the Company manages its capital stock. The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

There were no significant changes in the Company's approach to capital management during the periods ended March 31, 2018 and 2017.

As at March 31, 2018, the Company's capital stock was \$49,397,409 (December 31, 2017 - \$49,397,409). The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

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The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.