ORESTONE MINING CORP.

(An Exploration Stage Company)

Consolidated Financial Statements
(Audited)

For the years ended

January 31, 2018 and 2017

Orestone Mining Corp.
Suite 407 – 325 Howe Street
Vancouver, British Columbia, Canada V6C 1Z7

Trading Symbol: ORS
Telephone: 604-629-1929

Contents

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orestone Mining Corp.,

We have audited the accompanying consolidated financial statements of Orestone Mining Corp. which comprise the consolidated statements of financial position as at January 31, 2018 and 2017, and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Orestone Mining Corp. as at January 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
May 30, 2018

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31
(Expressed in Canadian dollars)

	Note	2018	2017
ASSETS			
Current			
Cash		$ 106,882	$ 1,485
Marketable securities	4	93	144
Receivables	8	1,057	33,468
		108,032	35,097
Non-current			
Exploration and evaluation assets	5	1,386,756	1,385,071
Reclamation bonds	5	29,000	29,000
		1,415,756	1,414,071
		$ 1,523,788	$ 1,449,168
LIABILITIES			
Current			
Trade and other payables	8	$ 106,041	$ 78,679
SHAREHOLDERS' EQUITY			
Share capital	6	6,244,948	6,148,828
Reserves	6	1,563,202	1,395,934
Deficit		(6,390,403)	(6,174,273)
		1,417,747	1,370,489
		$ 1,523,788	$ 1,449,168

Nature of Operations and Going Concern (Note 1)
Events after the Reporting Period (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on May 30, 2018. They are signed on the Company's behalf by:

"David Hottman"	***"Gary Nordin"***
David Hottman, Director	Gary Nordin, Director

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED JANUARY 31
(Expressed in Canadian dollars)

	Note	2018	2017
Expenses			
Depreciation		$ -	$ 113
Filing fees		17,705	9,975
Investor relations		16,684	4,921
Office, rent and miscellaneous	8	17,016	34,775
Project search		4,140	420
Professional fees	8	45,454	25,302
Salaries and benefits	8	72,732	75,086
Share-based payments	8	42,603	-
		216,334	150,592
Other items			
Interest income		(204)	(590)
Gain on sale of marketable securities	4	-	(54,647)
Write off of bad debt		-	4,250
		(204)	(50,987)
Net loss before income taxes		216,130	99,605
Total comprehensive loss for the year		$ 216,130	$ 99,605
Basic and diluted loss per share		$ 0.03	$ 0.01
Weighted average number of common shares outstanding		8,626,176	7,554,441

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

			Reserves				
	Number of shares	**Share capital**	**Warrants**	**Agent's Warrants**	**Share-based payments**	**Deficit**	**Total shareholders' equity**
Balance as at January 31, 2016	7,554,441	$ 6,148,828	$ 731,413	$ 98,399	$ 566,122	$ (6,074,668)	$ 1,470,094
Net loss and comprehensive loss	-	-	-	-	-	(99,605)	(99,605)
Balance as at January 31, 2017	7,554,441	6,148,828	731,413	98,399	566,122	(6,174,273)	1,370,489
Shares issues:							
Private placement	3,991,667	114,835	124,665	-	-	-	239,500
Share issurance costs	-	(18,715)	-	-	-	-	(18,715)
Share-based payments	-	-	-	-	42,603	-	42,603
Net loss and comprehensive loss	-	-	-	-	-	(216,130)	(216,130)
Balance as at January 31, 2018	**11,546,108**	**$ 6,244,948**	**$ 856,078**	**$ 98,399**	**$ 608,725**	**$ (6,390,403)**	**$ 1,417,747**

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31
(Expressed in Canadian dollars)

	Note	2018	2017
Cash provided by (used for):			
Operating activities			
Net loss		$ (216,130)	$ (99,605)
Items not involving cash:			
Depreciation		-	113
Write off of bad debt		-	4,250
Gain on sale of marketable securities	4	-	(54,647)
Share-based payments		42,603	-
Loss on revaluation of marketable securities	4	51	-
Changes in non-cash working capital items:			
Receivables		32,411	4,956
Trade and other payables		27,362	16,375
Cash used in operating activities		(113,703)	(128,558)
Investing activities			
Exploration and evaluation assets	5	(16,322)	(38,791)
BC METC refund	5	14,637	459
Cash used in investing activities		(1,685)	(38,332)
Financing activities			
Net proceeds from issuance of common shares	6	220,785	-
Proceeds from sale of marketable securities	4	-	156,503
Cash provided by financing activities		220,785	156,503
Net increase in cash		105,397	(10,387)
Cash - beginning of the year		1,485	11,872
Cash - end of the year		$ 106,882	$ 1,485
Supplemental disclosure with respect to cash flows:			
Exploration and evaluation assets in trade and other payables		$ 22,099	$ 22,099

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

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Orestone Mining Corp. (the "Company" or "Orestone") was incorporated under the Business Corporations Act (British Columbia) on April 30, 2007 and its principal business activity is the acquisition and exploration of mineral properties. The address of the Company's registered and head office is 19th Floor, 885 West Georgia Street, Vancouver, BC V6C 3H4. The Company's shares are listed on the TSX Venture Exchange and trade under the symbol "ORS".

On August 29, 2017, the Company completed a five for one share consolidation *(see Note 6b)*. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated financial statement of financial position. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

	January 31, 2018	January 31, 2017
Deficit	$ (6,390,403)	$ (6,174,273)
Working capital (deficiency)	$ 1,991	$ (43,582)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION, (continued)

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (loss). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the January 31, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 15 Revenue from Contracts with Customer (effective January 1, 2018)
- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include share-based payments and the recoverability of the carrying value of exploration and evaluation assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the assessment as to whether any impairment exists on the Company's exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of consolidation

Subsidiary
The consolidated financial statements include the financial statements of the Company and an entity controlled by the Company (its "subsidiary"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiary is:

	% of ownership	Jurisdiction	Principal activity
Intuitive Exploration Inc.	100%	Canada	Exploration company

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

Inter-company balances and transactions
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. At January 31, 2018, the Company had $106,882 in cash.

Foreign currency translation

Functional currency
The functional currency of the Company and its subsidiary is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the presentation and the functional currency of the parent company and its subsidiary.

Transactions and balances
Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates that prevailed at the period end exchange rate. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the period end exchange rate. Revenue and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the year.

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Mining exploration tax credits from the Government of British Columbia (“BC METC”) for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and development costs of the respective exploration property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Restoration and environmental obligations

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets

The Company currently has no known material rehabilitation and environmental costs. The Company however has reclamation bonds in place in the amount of $29,000 in respect of the Captain property (Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic and diluted losses per common share are calculated using the weighted-average number of common shares outstanding during the year.

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Financial instruments

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss (‘FVTPL’) - This category comprises of financial assets classified as held for trading that are either derivatives or assets acquired principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. Cash and cash equivalents and marketable securities are designated as FVTPL.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted when the effect of discounting is immaterial. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may likely default. Receivables are designated as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a financial asset is disposed of or a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the cumulative gain or loss is reclassified from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above. If in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Financial instruments, (continued)

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises of financial liabilities classified as held for trading that are either derivatives or liabilities incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities: This category includes trade and other payables which are recognized at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Trade and other payables are designated as other financial liabilities.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Segment reporting

The Company operates in a single geographical segment, being Canada, and a single reporting segment, being the acquisition, exploration and development of mineral property interests.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Flow-through common shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium," are recorded as a deferred charge. As expenditures are renounced, the charge is reversed. The net amount is recognized as flow-through share liability reversal.

4. MARKETABLE SECURITIES

January 31, 2018	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	$ 75	$ 93

January 31, 2017	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	$ 75	$ 144

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Captain Property

The Company owns a 100% interest in certain mineral claims comprising the Captain Property located near Fort St. James, British Columbia.

As at January 31, 2018, the Company issued a $29,000 (January 31, 2017 - $29,000) reclamation bond to the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Captain Property.

	January 31, 2016	Additions	January 31, 2017	Additions	January 31, 2018
Captain Property					
Acquisition costs	$ 276,117	$ -	$ 276,117	$ 6,560	$ 282,677
Deferred exploration costs					
Assays	41,818	-	41,818	-	41,818
Drilling	734,877	-	734,877	1,500	736,377
Geological	376,370	16,100	392,470	5,000	397,470
Geophysical	143,377	32,691	176,068	1,324	177,392
Surveying	40,846	-	40,846	-	40,846
Other	1,061	-	1,061	1,938	2,999
	1,338,349	48,791	1,387,140	9,762	1,396,902
Mining exploration tax credit	(277,727)	(459)	(278,186)	(14,637)	(292,823)
	$ 1,336,739	$ 48,332	$ 1,385,071	$ 1,685	$ 1,386,756

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a. Authorized

There are an unlimited number of common shares without par value.

b. Share consolidation

On August 29, 2017, the Company consolidated its share capital on the basis of one new share for every five old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

c. Share issuance

On October 25, 2017, the Company closed a non-brokered private placement of 3,991,667 units (the "Units") at a price of $0.06 per Unit for gross proceeds of $239,500. The Company recorded $18,715 of share issuance costs. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised into one common share of the Company at a price of $0.10 per share for a period of two years from the date of closing. The warrants were ascribed a value of $124,665 under the Black-Scholes valuation model with the residual being allocated to share capital.

d. Share purchase option compensation plan

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

The continuity of options is as follows:

Expiry date	Exercise price ($)	January 31, 2016	Issued	Expired / forfeited	January 31, 2017	Issued	Expired / forfeited	January 31, 2018
September 8, 2016	2.10	62,500	-	(62,500)	-	-	-	-
September 29, 2016	2.00	10,000	-	(10,000)	-	-	-	-
October 26, 2017	0.75	371,000	-	-	371,000	-	(371,000)	-
June 28, 2018	0.50	125,000	-	-	125,000	-	(25,000)	100,000
October 7, 2018	0.50	30,000	-	-	30,000	-	-	30,000
November 22, 2022	0.15	-	-	-	-	785,000	-	785,000
Options outstanding		598,500	-	(72,500)	526,000	785,000	(396,000)	915,000
Options exercisable		598,500	-	-	526,000	196,250	-	326,250
Weighted average exercise price ($)		$ 0.85	$ -	$ 2.09	$ 0.68	$ 0.15	$ 0.73	$ 0.20

25% of the share purchase options issued during the year ended January 31, 2018 vested immediately upon grant and 25% every 3 months thereafter.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (continued)

d. Share purchase option compensation plan (continued)

At January 31, 2018, the weighted average remaining life of the outstanding and exercisable options is 4.19 years (January 31, 2017 – 0.95 years).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2018	2017
Risk-free interest rate	1.64%	N/A
Expected stock price volatility	182.48%	N/A
Expected option life in years	5 years	N/A
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

Option pricing models require the input of highly subject assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

e. Warrants

The continuity of warrants is as follows:

Expiry date	Exercise price ($)	January 31, 2017	Issued	Exercised	Expired	January 31, 2018
October 25, 2019	0.10	-	3,991,667	-	-	3,991,667
Warrants outstanding		-	3,991,667	-	-	3,991,667
Weighted average exercise price ($)		$ -	$ 0.10	$ -	$ -	$ 0.10

At January 31, 2018, the weighted average remaining life of the outstanding warrants is 1.73 years (January 31, 2017 – Nil).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of warrants were:

	2018	2017
Risk-free interest rate	1.45%	N/A
Expected stock price volatility	194.00%	N/A
Expected option life in years	2 years	N/A
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

f. Reserves

The reserves account records items recognized as share-based payments expense and other share-based payments. When stock options are exercised, the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options remain in the reserves account. Amounts recorded for exercised, cancelled or expired warrants remain in the reserves account.

(Expressed in Canadian dollars)

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended January 31, 2018 was based on the loss attributable to common shareholders of $216,130 (January 31, 2017 – $99,605) and a weighted average number of common shares outstanding of 8,626,176 (January 31, 2017 – 7,554,441).

Diluted loss per share did not include the effect of 915,000 stock options (2017 – 526,000 stock options) and 3,991,667 warrants (2017 – Nil) because they were anti-dilutive.

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended January 31, 2018:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$67,200	$Nil	$Nil	$Nil	$ 5,427	$72,627
Mark T. Brown Chief Financial Officer, Director	$Nil	$Nil	$Nil	$Nil	$ 1,899	$1,899
Andrew Muir * Director*	$Nil	$Nil	$Nil	$Nil	$ 4,613	$4,613
Douglas Willock * Director	$Nil	$Nil	$Nil	$Nil	$ 5,156	$5,156
Gary D. Nordin Director	$Nil	$Nil	$Nil	$Nil	$ 6,512	$6,512
John Kanderka Director	$Nil	$Nil	$Nil	$Nil	$ 5,427	$5,427

* The directors subsequently resigned from the Board of Directors.

For the year ended January 31, 2017:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$67,200	$Nil	$Nil	$Nil	$Nil	$67,200

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS, (continued)

Related party transactions and balances:

		During the years ended January 31,		As at January 31,	
Amounts in accounts payable:	Services for:	2018	2017	2018	2017
David Hottman	Salaries	$ 67,200	$ 67,200	$ 50,400	$ 15,400
A private company controlled by a director of the Company	Rent	14,400	-	15,120	-
A private company with an officer in common with the Company	Accounting and management services	15,000	-	2,625	-
Total		$ 96,600	$ 67,200	$ 68,145	$ 15,400
Amounts in accounts receivable:	Services for:				
A public company with a director in common with the Company	Rent	$ -	$ 21,000	$ -	$ -
A private company controlled by a director of the Company	Expense reimbursements	-	-	-	27,881
Total		$ -	$ 21,000	$ -	$ 27,881

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

9. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, marketable securities, receivables and trade and other payables approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities are measured using level 1 inputs. There were no transfers between levels 1, 2 and 3.

9. FINANCIAL INSTRUMENTS, (continued)

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, marketable securities and receivables (excluding GST). The Company manages credit risk by placing cash with major Canadian financial institutions. Receivables are due from the Government of Canada and for reimbursements. Management believes that credit risk related to these amounts is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

(c) Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

(e) Management of industry risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company considers its capital structure to be shareholders' equity represented by net assets. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of exploration and evaluation assets.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally imposed capital restrictions.

11. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		January 31, 2018		January 31, 2017
Net loss for the year	$	(216,130)	$	(99,605)
Statutory tax rate		26.00%		26.00%
Expected income tax recovery		(56,194)		(25,897)
Permanent differences, deductibe and non-deductible amounts		10,134		103
Change in valuation allowance		46,060		25,794
Income tax recovery	$	-	$	-

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

		January 31, 2018		January 31, 2017
Exploration and evaluation assets	$	2,272,000	$	2,351,000
Loss carry-forwards		4,451,000		4,239,000
Equipment and other		55,000		-
Share issuance costs		15,000		1,000
Valuation allowance		(6,793,000)		(6,591,000)
Net deferred income tax assets	$	-	$	-

For the year ended January 31, 2018 and 2017, there were no issuances of flow-through shares. To January 31, 2018, the Company had no required expenditures under flow-through.

(Expressed in Canadian dollars)

11. INCOME TAXES, (continued)

The tax pools relating to these deductible temporary differences expire as follows:

	Loss carry-forwards
2028	$ 82,258
2029	589,427
2030	565,162
2031	458,077
2032	550,304
2033	649,026
2034	547,818
2035	350,349
2036	304,988
2037	176,378
2038	177,155
	$ 4,450,942

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at January 31, 2018, the Company has approximately $4.45 million in non-capital losses that can be offset against the taxable income of future years, and which begin expiring at various dates commencing in 2028. The potential future tax benefit of these losses has not been recorded as a future tax asset due to the uncertainty regarding the utilization of these losses.

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end, the Company granted the new directors incentive stock options to purchase an aggregate of 400,000 common shares at a price of $0.15 per share, exercisable until April 28, 2023.

The Company cancelled stock options to purchase an aggregate of 295,000 common shares allocated to Mr. David Hottman and Mr. Gary D. Nordin.

On May 27, 2018, a total of 220,000 stock options expired as a result of resignation of two directors.