



FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED MARCH 31, 2019

**488 - 625 Howe Street
Vancouver, B.C. V6C 2T6**

TELEPHONE: 604-681-0221

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Explorex Resources Inc.

Opinion

We have audited the accompanying financial statements of Explorex Resources Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company had a working capital deficiency of \$14,526 as at March 31, 2019, had not yet achieved profitable operations and expects to incur further losses in the development of the business. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 22, 2019

Explorex Resources Inc.

Statements of Financial Position

As at March 31,

(Expressed in Canadian Dollars)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 68,596	\$ 129,804
GST receivable	11,494	33,062
Prepaid expenses	<u>75,128</u>	<u>117,352</u>
	155,218	280,218
Non-current assets		
Exploration and evaluation assets (Note 4 and 8)	<u>640,546</u>	<u>418,459</u>
	<u>\$ 795,764</u>	<u>\$ 698,677</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 115,883	\$ 78,886
Flow-through share premium liability (Note 5)	22,861	27,845
Flow-through obligation (Note 9)	<u>31,000</u>	<u>-</u>
	169,744	106,731
Shareholders' equity		
Share capital (Note 5)	4,432,251	3,022,479
Share-based payment reserve (Note 5)	332,448	336,170
Deficit	<u>(4,138,679)</u>	<u>(2,766,703)</u>
	<u>626,020</u>	<u>591,946</u>
	<u>\$ 795,764</u>	<u>\$ 698,677</u>

Nature and continuance of operations (Note 1)

Commitments (Note 8)

Subsequent events (Note 11)

Approved and authorized by the Board on July 22, 2019

Approved on behalf of the Board:

"William E. A. Wishart"

William E.A. Wishart, Director

"Gary Schellenberg"

Gary Schellenberg, Director

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

Explorex Resources Inc.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
EXPENSES		
Consulting (Note 8)	\$ 81,064	\$ 294,314
General office (Note 9)	95,309	50,759
Investor relations	442,392	45,576
Management fees (Note 8)	255,875	182,950
Professional fees (Note 8)	160,127	78,303
Property investigation	92,689	153,872
Rent (Note 8)	17,550	23,400
Share-based payment (Notes 5 and 8)	-	255,808
Transfer agent and filing fees	18,328	18,654
Travel	4,792	28,788
Loss before other items	\$ (1,168,126)	\$ (1,132,424)
Gain on forgiveness of debt	-	5,126
Reduction of flow-through premium liability (Note 5)	28,434	15,105
Write off of exploration and evaluation assets (Note 4)	(232,284)	-
Loss and comprehensive loss for the year	\$ (1,371,976)	\$ (1,112,193)
Basic and diluted loss per common share	\$ (0.07)	\$ (0.08)
Weighted average number of common shares outstanding	19,297,469	13,520,360

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

Explorex Resources Inc.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended	
	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,371,976)	\$ (1,112,193)
Non-cash items		
Flow through obligation	31,000	-
Gain on forgiveness of debt	-	5,126
Reduction of flow through premium liability	(28,434)	(15,105)
Share-based payment	-	255,808
Write off of exploration and evaluation assets	232,284	-
Change in non-cash working capital accounts		
GST receivable	21,568	(26,600)
Prepaid expenses	42,224	(117,352)
Accounts payable and accrued liabilities	187,400	(30,236)
Cash used in operating activities	<u>(885,934)</u>	<u>(990,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	799,825	1,176,250
Stock options exercised	13,000	63,500
Share issuance costs	(5,950)	(8,050)
Warrants exercised	194,875	15,000
Cash provided by financing activities	<u>1,001,750</u>	<u>1,246,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
BCMETC recovery	27,584	-
Recovery of exploration and evaluation expenditures	55,000	-
Exploration and evaluation assets	(259,608)	(148,593)
Cash used in investing activities	<u>(177,024)</u>	<u>(148,593)</u>
Change in cash for the year	(61,208)	107,775
Cash, beginning of the year	<u>129,804</u>	<u>22,029</u>
Cash, end of the year	\$ 68,596	\$ 129,804

Supplemental cash flow information:

Exploration expenditures in accounts payable and accrued liabilities	\$ 20,848	\$ 20,001
Flow-through premium liability on issuance of flow-through shares	\$ 23,450	\$ 42,950
Reclassification of exercise of stock options	\$ 6,100	\$ 25,350
Shares issued for exploration and evaluation assets	\$ 276,500	\$ 141,000
Warrants issued as finder fees	\$ 2,378	\$ 3,173
Shares issued for debt settlement	\$ 151,250	\$ -

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

Explorex Resources Inc.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance, March 31, 2017	9,200,697	1,655,552	102,539	(1,654,510)	103,581
Exercise of stock options	450,000	63,500	-	-	63,500
Fair value of stock options exercised	-	25,350	(25,350)	-	-
Exercise of warrants	50,000	15,000	-	-	15,000
Flow-through share premium	-	(42,950)	-	-	(42,950)
Shares issued for cash	5,666,500	1,176,250	-	-	1,176,250
Shares issue costs – cash	-	(8,050)	-	-	(8,050)
Shares issue costs – finder warrants	-	(3,173)	3,173	-	-
Shares-based payment	-	-	255,808	-	255,808
Shares issued for exploration and evaluation assets	700,000	141,000	-	-	141,000
Loss for the year	-	-	-	(1,112,193)	(1,112,193)
Balance, March 31, 2018	16,067,197	3,022,479	336,170	(2,766,703)	591,946
Share issued for cash	3,710,500	951,075	-	-	951,075
Share issue costs – cash	-	(5,950)	-	-	(5,950)
Share issue costs – finder warrants	-	(2,378)	2,378	-	-
Flow-through share premium	-	(23,450)	-	-	(23,450)
Exercise of options	100,000	19,100	(6,100)	-	13,000
Exercise of warrants	956,221	194,875	-	-	194,875
Shares issued for exploration and evaluation assets	925,000	276,500	-	-	276,500
Loss for the year	-	-	-	(1,371,976)	(1,371,976)
Balance, March 31, 2019	21,758,918	4,432,251	332,448	(4,138,679)	626,020

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

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Explorex Resources Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011. The head office of the Company is located at 488 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The registered office of the Company is located at Suite 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5. The Company does not have any subsidiaries.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, 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. Accordingly, it does not give effect to adjustments, if any 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 in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at March 31, 2019, the Company had working capital deficiency of \$14,526, had not yet achieved profitable operations and has an accumulated deficit of \$4,138,679 since its inception. The Company expects to incur further losses in the development of its business, all of these circumstances comprise a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to explore new business opportunities, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

2. BASIS OF PRESENTATION

Basis of presentation

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management's judgment and estimates relate to the recoverability of amounts receivable, the determination of environmental obligations and impairment of exploration and evaluation assets and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agent's options and warrants currently issued (see Note 5) were anti-dilutive for the years ended March 31, 2019 and 2018.

d) Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

f) Exploration and evaluation assets (cont'd...)

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

g) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

h) Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation 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 Company's estimates of reclamation 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 the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

i) Financial instruments

On April 1, 2018 the Company adopted IFRS 9, Financial Instruments. This new standard replaces International Accounting Standards ("IAS") 39, Financial Instruments: Recognition and Measurement.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Financial instruments (cont'd)

Financial assets (cont'd)

on how an entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the Company's new accounting policy for financial assets and liabilities under IFRS 9:

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI), or at amortized cost. The determination of the classification of financial assets is

made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period. The Company has classified its cash as fair value through profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company has classified its GST receivable as amortized cost.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

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

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing 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 operations and comprehensive loss.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Financial instruments (cont'd)

Financial liabilities (cont'd)

Other financial liabilities: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The Company adopted the standard retrospectively. The adoption had no impact on comparative balances.

j) Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended March 31, 2019 and have not been applied in preparing these financial statements. The new and revised standards are as follows:

- IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. Management has estimated that the standard has no significant impact on the Company's financial statements.
- IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Silver Dollar Property	Arlington Property	Beatrice Property	Chrysler Property	Cobalt-Paragon Property	Handlebar Property	Kagoot Brook Property	Total
Acquisition Costs								
Opening, March 31, 2017	\$ 20,000	\$ 10,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,935
Additions during the year	48,000	-	12,000	64,500	61,000	7,003	-	192,503
Option payment received	-	(20,000)	-	-	-	-	-	(20,000)
Closing, March 31, 2018	68,000	(9,065)	12,000	64,500	61,000	7,003	-	203,438
Exploration Costs								
Opening, March 31, 2017	80,301	17,479	-	-	-	-	-	97,780
Additions during the year:								
Assay	7,281	-	-	1,652	2,584	-	-	11,517
Equipment, field supplies, and other	6,247	81	-	-	-	-	-	6,328
Field personnel	7,108	-	-	-	-	-	-	7,108
Geological	31,984	-	3,500	19,010	23,033	-	-	77,527
Travel	2,909	-	-	4,622	7,230	-	-	14,761
Closing, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
Balance, March 31, 2018	\$ 203,830	\$ 8,495	\$ 15,500	\$ 89,784	\$ 93,847	\$ 7,003	\$ -	\$ 418,459
Acquisition Costs								
Opening, March 31, 2018	\$ 68,000	\$ (9,065)	\$ 12,000	\$ 64,500	\$ 61,000	\$ 7,003	\$ -	\$ 203,438
Additions during the year	240,000	-	-	-	39,000	-	66,594	345,594
Option payment received/Grants	(25,000)	-	-	-	-	-	(30,000)	(55,000)
Closing, March 31, 2019	283,000	(9,065)	12,000	64,500	100,000	7,003	36,594	494,032
Exploration Costs								
Opening, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
Assay	-	-	-	-	-	-	3,350	3,350
Drilling	-	-	-	-	-	-	55,874	55,874
Equipment, field supplies, and other	-	-	-	-	-	-	42,007	42,007
Geological	84	-	-	-	2,650	-	85,464	88,198
Geophysical	-	-	-	-	-	-	1,932	1,932
Recovery – BCMETC	(27,584)	-	-	-	-	-	-	(27,584)
Closing, March 31, 2019	108,330	17,560	3,500	25,284	35,497	-	188,627	378,798
Write offs	-	-	-	(89,784)	(135,497)	(7,003)	-	(232,284)
Balance, March 31, 2019	\$ 391,330	\$ 8,495	\$ 15,500	\$ -	\$ -	\$ -	\$ 225,221	\$ 640,546

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Arlington Property, British Columbia

On January 19, 2015, the Company acquired a 100% interest in the Arlington property by staking.

On April 27, 2017, the Company entered into an option agreement with Clarmin Exploration Inc. ("Clarmin"), under which Clarmin may acquire a 100% interest in the Company's Arlington Property, located in south-central British Columbia. Under the agreement, Clarmin can earn a 100% interest by making certain staged payments over a three-year period equal to a total of \$105,000 in cash, 500,000 common shares and incurring \$500,000 in exploration expenditures on the property. The staged payments will be made as follows:

Cash and Share Payments:

- \$10,000 on April 27, 2017 (received);
- \$10,000 on the date of listing of Clarmin on a recognized stock exchange (received);
- \$35,000 and issuing 200,000 common shares on or before April 27, 2019; and
- \$50,000 and issuing 300,000 common shares on or before April 27, 2020.

Exploration Expenditures:

- \$200,000 on or before April 27, 2019; and
- \$300,000 on or before the third anniversary date of April 27, 2020.

The Company will retain a 1.5% net smelter return royalty ("NSR") on the property which Clarmin may buyback by paying \$1,000,000 to the Company.

On April 27, 2019, Clarmin has elected to terminate the option agreement.

Silver Dollar Property, British Columbia

On May 11, 2016, the Company entered into an option agreement with Happy Creek Minerals Ltd. ("Happy Creek") to purchase a 100% interest in Happy Creek's Silver Dollar property. Through a series of amended agreements dates November 23, 2016 and April 11, 2017 to earn a 100% interest, the Company is required to make the following payments:

- \$20,000 cash on the earlier of the date that is 5 days following Canadian Securities Exchange approval for closing of the Company's proposed private placement of \$400,000 and June 30, 2016 (paid);
- incur a minimum \$100,000 work commitment by July 31, 2017 (incurred);
- issue 300,000 common shares of the Company on or before May 11, 2017 (issued, valued at \$48,000) (Note 5);
- issue 300,000 common shares of the Company by July 31, 2018 (issued, valued at \$90,000 (Note 5)); and
- issue 500,000 common shares of the Company by January 31, 2019 (issued, valued at \$150,000 (Note 5)).

As at March 31, 2019, the Company owns a 100% of the Silver Dollar property as all payment have been made.

The agreement is subject to a 1% NSR payable to Happy Creek.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Silver Dollar Property, British Columbia (cont'd...)

The Company entered into an option agreement with Mariner Resources Corp. (“Mariner”), the companies are related by virtue of a director of Mariner and officers of the Company being related, whereby Mariner has the right to acquire a 75 percent interest in the Silver Dollar property. Pursuant to the option agreement, Mariner is required to make cash payments, issue shares, and meet exploration expenditure requirements as follows:

- Cash payments: Mariner is required to pay \$25,000 upon execution of the agreement (received), an additional \$50,000 in cash or common shares of Mariner, at Mariner's discretion, on or before May 30, 2021, \$100,000 in cash on or before May 30, 2022; and an additional \$250,000 in cash on or before May 30, 2023 for an aggregate total consideration of \$425,000;
- Share issuances: Mariner is required to issue 100,000 common shares on May 30, 2021, an additional 300,000 shares on or before May 30, 2022 and an additional 500,000 shares on or before May 30, 2023 for an aggregate total of 900,000 shares;
- Work commitments: Mariner is required to incur \$75,000 in exploration expenditures on or before the May 30, 2020; an additional \$150,000 on or before May 30, 2021, an additional \$350,000 on or before May 30, 2022 and an additional \$425,000 on or before May 30, 2023 for an aggregate \$1,000,000 in exploration expenditures.
- Upon Mariner earning 75-percent interest in Silver Dollar, the parties will enter into a joint venture.

Beatrice Mineral Property, British Columbia

On August 27, 2017, the Company entered into a purchase and sale agreement with arm's length vendors to acquire 100% of 2 crown grants from private owners. The crown grants are wholly contained within the Silver Dollar Project. Pursuant to the agreement, the vendors agreed to sell and the Company agreed to purchase two mineral tenure claims located in the southern portion of the Silver Dollar Project for a cash payment of \$12,000 (paid).

Chrysler Property, Ontario

On June 6, 2017, the Company entered into a purchase and sale agreement with Jean Marc Gaudreau and Don Thomas Fudge to purchase a 100% interest in the Mining claims, (the “Chrysler Property”), located in the Larder Lake Mining Division in Ogilvie, Leonard and North William Township, in the Province of Ontario.

To earn a 100% interest, the Company is required to make the following payments:

- \$22,500 cash (paid); and
- issue 200,000 common shares of the Company (issued, valued at \$42,000) (Note 5).

The agreement is subject to a 2% NSR payable to the vendors and a buyback of 1% for \$1,000,000 at any time.

During the year ended March 31, 2019, the Company abandoned the Chrysler Property and wrote off \$89,784 in exploration and evaluation assets.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Cobalt-Paragon Property, Ontario

On October 31, 2017, the Company entered into an option agreement with Canadian Gold Miner to acquire a 100% interest in certain mining claims ("Cobalt-Paragon"), located in the Larder Lake Mining Division in Tudhope Township, in the Province of Ontario. Pursuant to the option agreement, the Company is required to make cash payments, issue shares, and meet exploration expenditure requirements as follows:

Cash Payments

• 10 business days on execution of the agreement (October 30, 2017) (paid)	\$ 10,000
• On or before April 30, 2018 (paid)	25,000
• On or before October 30, 2018	20,000
• On or before October 30, 2019	30,000
• On or before October 30, 2020	40,000
	<u>\$ 125,000</u>

Share Issuances

• Upon approval of the Exchange (Issued, valued at \$51,000) (Note 5)	200,000
• On or before November 1, 2018	300,000
• On or before November 1, 2019	300,000
• On or before November 1, 2020	900,000
	<u>1,700,000</u>

Exploration Expenditures

• On or before October 30, 2018	\$ 225,000
• On or before October 30, 2019	450,000
• On or before October 30, 2020	600,000
	<u>\$ 1,275,000</u>

The Company will issue an additional 1,500,000 common shares upon filing a Preliminary Economic Assessment or similar or more detailed document. Previous underlying agreements entered into resulted in various net smelter return royalties ("NSR") on certain mining claims ranging from 2% to 3%. The Company may purchase 0.5% to 1% of certain NSR's ranging from \$250,000 to \$750,000. Upon earning a 100% interest, the Company will grant a 1% NSR and retain first right of refusal to buyback the NSR.

The Company is committed to meeting all obligations of the underlying commitments. During the year ended March 31, 2019 the Company issued 50,000 common shares valued at \$14,000 (note 5) relating to the obligations of underlying commitments which is included in acquisition costs but will be credited to the exploration expenditures requirements listed above.

On March 11, 2019 a Mutual Release Agreement was entered into by the Company and Canadian Gold Miner to terminate its option agreement by issuing 34,500 common shares subsequent to year end. As a result, the Company wrote off \$135,497 of exploration and evaluation assets as at March 31, 2019.

Handlebar Property, British Columbia

The Company staked the 100% owned Handlebar property consisting of two claims. During the year ended March 31, 2019, the Company abandoned the claims and wrote off \$7,003 in exploration and evaluation assets.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Kagoot Brook Cobalt Project, New Brunswick

The Company entered into an option agreement to acquire a 75% interest in the Kagoot Brook Cobalt Project (“Kagoot Brook”), owned by Great Atlantic Resources Corp. (“Great Atlantic”). The agreement to acquire a 75% interest in the Project is subject to the following terms:

- Cash payment of \$25,000 and issuance of 75,000 common shares (paid and issued, valued at \$22,500);
- Issue \$50,000 in shares on May 10, 2019 (issued subsequent to year end); and
- Explorex will incur a total expenditure of \$750,000 (including all underlying payments) over a period of 4 years; of which \$100,000 (incurred) would be a firm commitment on or before May 10, 2019.

Upon earning 75% of the project, the parties will enter into a joint venture. The terms will provide for a pro-rata dilution such that should Great Atlantic’s interest drop below 5%, it will revert to a 3% NSR. The Company will retain the right to buyback 2% at \$1,000,000 for each 1%, or portion thereof. Should Great Atlantic seek to sell any portion of the remaining NSR, Explorex will retain a first right of refusal.

During the year ended March 31, 2019, the Company received a New Brunswick Junior Mining Assistance Program (NMJMAP) grant of \$30,000. The Company is eligible to the lessor of 50% of eligible costs incurred up to \$30,000 in respect to the Kagoot Brook Project.

Hautalampi Project, Finland

The Company entered into a Letter of Intent (“LOI”) dated March 16, 2018, giving the Company the option to either (i) acquire a 91% interest in the Finnish company that owns the Hautalampi project; or (ii) enter into an earn in arrangement with the shareholders of the Finnish company over a maximum of 3 years to acquire a 91% interest. In either possible scenario, the vendors have the option to retain a 9% carried interest or convert the 9% carried interest to a 1.5% net metals royalty with the Company acquiring the full 100% interest in the Finnish company. During the year ended March 31, 2018, the Company paid an aggregate of USD\$50,000 (non-refundable) to the sellers on signing of the LOI.

The Company amended the LOI on November 4, 2018, the Amended Letter of Intent (“Amended LOI”) provides the Company with a staged option to earn a 100% interest over a 4-year period subject to completion of definitive transaction agreements. Pursuant to the 100% acquisition of Hautalampi, the Company will deliver USD\$1,980,003 in cash payments, USD\$3,050,001 in value of shares of the Company and perform USD \$3,000,000 in exploration expenditures.

In addition, the Company will grant a 1.5% net metal royalty and upon declaring commercial projection, will issue additional shares having a value of USD\$1,500,000.

The Company was informed by Ganfeng Lithium Co. Ltd. (“Ganfeng”) that a large investment in support of the Hautalampi acquisition will not be forthcoming at this time due to their internal considerations. Therefore, the Company has informed the Finnish company that owns the Hautalampi project that in the immediate term it does not foresee sourcing adequate funds to move forward in a corporately prudent manner. The Company acknowledges that the Finish company is open to proceed with the advancement of the Hautalampi project on a non-exclusive basis.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Ganfeng Lithium Co. Ltd.

On October 4, 2017, the Company entered into a letter of Letter of Intent (“LOI”) with Ganfeng Lithium Co. Ltd. (“Ganfeng”) for a \$1,000,000 strategic investment in the Company. Ganfeng made an initial investment of \$500,000. Ganfeng subscribed to the July 3, 2018, non-brokered private placement of the Company, for a total of 500,000 units for gross proceeds of \$125,000. After the investments, Ganfeng has a commitment to invest an additional \$375,000 in subsequent financings, within two years from the execution of the Initial Investment, in accordance with market conditions.

The LOI provides Ganfeng with (i) the right to an Off-Take Agreement on all potential production of cobalt, limestone and lithium; (ii) a Right of First Offer on the joint venture or sale of all cobalt, limestone, and lithium properties that the Company has or acquires in the future; and (iii) the right to nominate one member to the Company’s Board of Directors (“Purchasers Rights”). These Purchaser Rights will be maintained as long as Ganfeng maintains a minimum 15% equity interest in the issued and outstanding shares of the Company.

5. SHARE CAPITAL

a) Authorized share capital

As at March 31, 2019 the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

The following share issuances occurred during the year ended March 31, 2019:

- In May 2018, the Company issued 75,000 common shares with a fair value of \$22,500 pursuant to an option agreement for the Kagoot Brook Property (Note 4).
- In May 2018, the Company issued 50,000 common shares with a fair value of \$14,000 pursuant to an underlying commitment relating to the Cobalt-Paragon Property (Note 4).

In September 2018, the Company issued 800,000 common shares with a fair value of \$240,000 pursuant to an underlying commitment relating to the Silver Dollar Property (Note 4).

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd...)

b) Issued share capital (cont'd...)

The following share issuances occurred during the year ended March 31, 2019: (cont'd...)

- In July 2018, the Company completed a non-brokered private placement of 2,235,000 units at a price of \$0.25 per unit for gross proceeds of \$558,750. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 1,117,500 warrants granted as part of the private placement. Each full warrant is exercisable for one additional common share at a price of \$0.50 per share until July 3, 2020. The Company paid \$4,200 in cash commissions and issued 8,400 finder's warrants valued at \$1,281 exercisable at \$0.50 until July 3, 2019. The fair value per warrant was \$0.15. The fair value of the warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 1.89%, a forfeiture rate of 0%, and volatility of 120.26%.
- In November 2018, the Company completed, the first tranche, a non-brokered private placement of 1,056,500 units at a price of \$0.25 per unit valued at \$264,125 of which \$151,250 related to settlement of debt. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 528,250 warrants granted as part of the private placement. Each full warrant is exercisable for one additional common share at a price of \$0.50 per share until November 27, 2020. The Company paid \$1,750 in cash commissions and issued 7,000 finder's warrants valued at \$1,097 exercisable at \$0.50 until November 27, 2020. The fair value per warrant was \$0.16. The fair value of the warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 1.90%, a forfeiture rate of 0%, and volatility of 109.11%.
- In December 2018, the Company completed, the second and final tranche, a non-brokered private placement of 335,000 flow-through units ("FT") at a price of \$0.32 per unit for gross proceeds of \$107,200 and 84,000 non-flow through units ("NFT") at a price of \$0.25 per unit for gross proceeds of \$21,000. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 209,500 warrants granted as part of the private placement. Each full warrant is exercisable for one additional common share at a price of \$0.50 per share until December 19, 2020. The Company recognized a flow-through premium liability of \$23,450, which was accreted to \$22,861 based on exploration expenditures incurred as at March 31, 2019. Pursuant to the flow-through obligation, as at December 31, 2018, the Company is required to incur \$107,200 in eligible exploration expenditures by December 31, 2019.
- During the year ended March 31, 2019, the Company issued 100,000 common shares upon the exercise of stock options for gross proceeds of \$13,000. As a result of the exercise of options, the fair value of stock options amounting to \$6,100 was reclassified from share-based payment reserve to share capital.
- During the year ended March 31, 2019, the Company issued 956,221 common shares upon the exercise of warrants. Cash proceeds received total \$194,875.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd...)

b) Issued share capital (cont'd...)

The following share issuances occurred during the year ended March 31, 2018:

- In May 2017, the Company issued 300,000 common shares pursuant to an option agreement for the Silver Dollar Property (Note 4). The fair value recognized of \$48,000 was based on the closing quoted market price of the Company's shares on May 8, 2017.
- In July 2017, the Company issued 200,000 common shares with a fair value of \$42,000 pursuant to a purchase and sale agreement for the Chrysler Property (Note 4).
- In October 2017, the Company completed a non-brokered private placement of 859,000 flow-through units ("FT") at a price of \$0.25 per unit for gross proceeds of \$214,750 and 4,807,500 non-flow-through units ("NFT") at a price of \$0.20 per unit for gross proceeds of \$961,500. Each FT will consist of one flow-through common share and one-half of a share purchase warrant. Each NFT will consist of one common share and one-half of a share purchase warrant. Each full warrant is exercisable for one additional common share at a price of \$0.30 per share until October 27, 2018. The warrants are subject to a 10-day accelerated expiry provision if the volume weighted average price of the Company's shares exceed \$0.35 for 10 consecutive trading days. The Company paid \$8,050 in cash commissions and issued 25,000 agent's warrants valued at \$3,173 exercisable at \$0.30 until October 27, 2018. The fair value per warrant was \$0.13. The fair value of the warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 1 year, a risk-free rate of 1.40%, a forfeiture rate of 0%, and volatility of 117.52%. The Company recognized a flow-through premium liability of \$42,950, which was accreted to \$27,845 based on exploration expenditures incurred as at March 31, 2018. The flow-through premium liability was accreted to \$Nil as at March 31, 2019.
- In November 2017, the Company issued 200,000 common shares pursuant to an option agreement for the Cobalt-Paragon Property (Note 4). The fair value recognized of \$51,000 was based on the closing quoted market price of the Company's shares on November 6, 2017.
- During the year ended March 31, 2018, the Company issued 450,000 common shares upon the exercise of stock options for gross proceeds of \$63,500. As a result of the exercise of options, the fair value of stock options amounting to \$25,350 was reclassified from share-based payment reserve to share capital.
- During the year ended March 31, 2018, the Company issued 50,000 common shares upon the exercise of warrants. Cash proceeds received total \$15,000.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd...)

c) Share-based payments

Stock Option Plan

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

As at March 31, 2019, the following stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance, March 31, 2017	800,000	\$ 0.14
Exercised	(450,000)	0.14
Granted	1,210,000	0.25
Balance, March 31, 2018	1,560,000	\$ 0.23
Exercised	(100,000)	0.13
Cancelled	(75,000)	0.17
Balance, March 31, 2019	1,385,000	\$ 0.24

The Company did not issue any stock options during the year ended March 31, 2019.

During the year ended March 31, 2018, the Company issued 1,210,000 stock options with an exercise price of \$0.25 per share, at a fair value of \$255,808. The weighted average fair value per option was \$0.21. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 1.67%, a forfeiture rate of 0%, and volatility of 132.93%.

A summary of the Company's stock options outstanding and exercisable as at March 31, 2019 is as follows:

Expiry Date	Number of Stock Options	Exercise Price	Number of Stock Options Exercisable
September 29, 2021*	200,000	\$0.13	200,000
November 2, 2022**	1,085,000	\$0.25	1,085,000
March 15, 2023	100,000	\$0.29	100,000
	1,385,000		1,385,000

*Subsequent to year end, 100,000 options were exercised for gross proceeds of \$13,000.

** Subsequent to year end, 75,000 options were exercised for gross proceeds of \$18,750.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd...)

d) Share Purchase Warrants

As at March 31, 2019, the following stock warrants were outstanding:

	Number of Stock Warrants	Weighted Average Exercise Price
Balance, March 31, 2017	933,333	\$ 0.169
Exercised	(50,000)	0.30
Granted	2,858,250	0.30
Balance, March 31, 2018	3,741,583	0.27
Exercised	(956,221)	0.20
Expired	(2,554,250)	0.30
Granted	1,870,650	0.50
Balance, March 31, 2019	2,101,762	\$ 0.46

As at March 31, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry Date
231,112*	\$ 0.169	July 25, 2019
1,125,900	\$ 0.50	July 3, 2020
535,250	\$ 0.50	November 27, 2020
209,500	\$ 0.50	December 19, 2020
2,101,762		

*Subsequent to year end, 186,667 warrants were exercised for gross proceeds of \$31,547.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2019, the Company's shareholders' equity was \$626,020. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended March 31, 2019.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
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7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on Level 1 inputs of the fair value hierarchy.

The fair value of the Company's GST receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had a cash balance of \$68,596 to settle current liabilities of \$169,744.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019
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8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the period ended March 31, 2019, the Company entered into the following transactions with related parties:

- Paid or accrued exploration costs of \$102,494 (2018 - \$116,956) that were capitalized as exploration and evaluation assets to a company controlled by a director and Chief Executive Officer of the Company.
- Paid or accrued consulting fees of \$nil (2018 - \$7,500) and management fees of \$90,000 (2018 - \$41,250) to a company controlled by a director and Chief Executive Officer of the Company.
- Paid or accrued management fees of \$59,375 (2018 - \$36,700) to an officer and director of the Company.
- Paid or accrued consulting fees of \$31,550 (2018 - \$88,000) to a director of the Company.
- Paid or accrued rent of \$17,550 (2018 - \$23,400) and management fees of \$76,500 (2018 - \$90,000) to a company controlled by a director and Chairman of the Board of the Company.
- Paid or accrued professional fees of \$30,000 (2018 - \$7,500) to the Chief Financial Officer of the Company.
- Paid or accrued professional fees of \$nil (2018 - \$7,500) to the former Chief Financial Officer of the Company.
- Paid or accrued director's fees of \$30,000 (2018 - \$15,000) to a company controlled by a director of the Company.
- During the year ended March 31, 2019, the Company issued Nil (2018 - 650,000) stock options to the officers and directors of the Company. Upon the issuance, \$Nil (2018 - \$134,972) in share-based compensation expense was recorded.

As at March 31, 2019, \$84,037 (March 31, 2018 - \$24,696) was included in accounts payable and accrued liabilities owing to officers and directors of the Company in relation to services provided and reimbursement of expenses.

Commitments – Consulting Agreements

On September 1, 2016, the Company renewed the terms of a consulting agreement with a director of the Company for the provision of consulting services at an annual cost of \$90,000. The agreement is for a term of five years. If the Company terminates the agreement without cause during the term the Company is required to pay the balance of the monthly fee payments due for the remainder of the term. Furthermore, should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to thirty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd)

The Company entered into a settlement agreement and mutual release agreement dated October 1, 2018 relating to the consulting agreement, whereby the Company will receive consulting service at an annual cost of \$63,000 expiring on August 31, 2021. The settlement agreement and mutual release is not considered a termination of the consultant or change of control of the Company.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Loss for the year	\$ (1,371,976)	\$ (1,112,193)
Expected income tax (recovery)	(370,000)	(289,000)
Change in statutory rates, impact of flow through and other	32,000	(5,000)
Permanent difference	(8,000)	63,000
Share issue costs	(2,000)	(2,000)
Change in unrecognized deductible temporary differences	348,000	233,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	2019	2018
Deferred tax assets		
Exploration and evaluation assets	\$ 91,000	\$ 63,000
Property and equipment	2,000	2,000
Share issue costs	4,000	5,000
Non-capital losses	933,000	612,000
	1,030,000	682,000
Unrecognized deferred tax assets	(1,030,000)	(682,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's deductible temporary differences and unused tax losses that have not been recognized in the statements of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 282,000	No expiry date	\$ 179,000	No expiry date
Investment tax credit	20,000	2032 to 2033	20,000	2032 to 2033
Property and equipment	6,000	No expiry date	6,000	No expiry date
Share issue costs	16,000	2035 to 2039	18,000	2035 to 2038
Non-capital losses available for future periods	3,455,000	2032 to 2039	2,267,000	2032 to 2038

Explorex Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

9. INCOME TAXES (cont'd)

As at December 31, 2018, the Company had not completely fulfilled its commitment to incur exploration expenditures by December 31, 2018 in relation to flow-through share financings in October 2017. The Company may be required to indemnify flow through individual investors for the amount of increased taxes payable by the flow-through investor as a consequence of the failure of the Company to incur qualifying exploration expenditures previously renounced to the flow through investors. As at December 31, 2018, the Company estimated that the maximum potential liabilities on unspent amounts was approximately \$31,000 and has recorded a provision in the amount of \$31,000 for these potential liabilities in general office expense.

10. SEGMENTED INFORMATION

As at March 31, 2019, the Company currently operates in one segment being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 4.

11. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company:

- a) Granted 950,000 stock options to officers, directors and consultants. The stock options are exercisable at a price of \$0.27 per common share and will expire five years from the date of grant.
- b) Entered into an agreement with a creditor for the settlement of debt in the amount of \$100,000 through issuance of 400,000 shares (issued).
- c) Executed the Assignment and Assumption Agreement (“Assignment Agreement”) with New Tech Minerals Corp. (“NTM”) and has assumed the right to acquire a 100% interest in the Buena Vista Hills Cobalt – Iron Oxide Copper Gold (“IOCG”) project (“Buena Vista” or “Project”) in Pershing County, Nevada.

Under the Assignment Agreement, the Company will pay NTM \$10,000 USD (paid) and issue 200,000 shares (issued) upon signing, issue an additional 200,000 shares upon NTM satisfying certain obligations and assume NTM’s underlying commitments pursuant to the Mining Lease and Option to Purchase Agreement made between NTM and Zephyr Minerals Inc., a Nevada corporation (“Zephyr”), dated May 15, 2018 and as amended on October 20, 2018, February 12, 2019 and April 4, 2019. The underlying commitments are to pay \$66,000 USD (paid \$33,000 USD), and issue the equivalent value of 500,000 NTM shares (issued 20,205 shares which are equivalent to 250,000 NTM shares) and incur exploration expenditures totaling \$300,000 by May 15, 2020 and incur exploration expenditures totaling \$400,000 USD by May 15, 2021. Zephyr is also entitled to 1% to 4% NSR. The Company has the option to purchase 0.5% to 2% of the NSR for \$500,000 USD.

Upon completion of a feasibility study, NTM maintains the right to purchase (i.e. buy back) a 20% interest in the Project by paying to the Company an amount equal to 40% of the expenditures incurred by the Company on the Project.