



**FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)

**FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2018**

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

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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim financial statements of Explorex Resources Inc. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

# Explorex Resources Inc.

## Condensed Statements of Financial Position

As at

(Expressed in Canadian Dollars)

(Unaudited)

	December 31, 2018	March 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 209,633	\$ 129,804
GST receivable	28,700	33,062
Prepays	190,356	117,352
	428,689	280,218
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 4)	880,418	418,459
	\$ 1,309,107	\$ 698,677
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 239,428	\$ 78,886
Flow-through share premium liability (Note 5)	23,441	27,845
Flow-through obligation (Note 5)	31,000	-
	293,869	106,731
<b>Shareholders' equity</b>		
Share capital (Note 5)	4,341,453	3,022,479
Share-based payment reserve (Note 5)	335,498	336,170
Deficit	(3,661,713)	(2,766,703)
	1,015,238	591,946
	\$ 1,309,107	\$ 698,677

Nature and continuance of operations (Note 1)

Commitments (Note 8)

Subsequent events (Note 10)

Approved and authorized by the Board on February 28, 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.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31	
	2018	2017	2018	2017
<b>EXPENSES</b>				
Advertising and promotion	\$ 103,439	\$ 21,300	\$ 329,681	\$ 33,300
Consulting (Note 8)	13,550	126,394	51,050	297,388
General office (Note 5)	51,349	16,761	82,671	32,795
Management fees (Note 8)	61,850	64,500	195,125	109,500
Professional fees (Note 8)	24,963	6,251	141,560	25,044
Property investigation	(17,807)	24,569	88,314	24,569
Rent (Note 8)	5,850	5,850	17,550	17,550
Stock based payment	-	230,490	-	230,490
Transfer agent and filing fees	2,298	4,447	14,018	15,254
Travel	1,997	1,758	2,895	3,980
Loss before other items	\$ (247,489)	\$ (502,320)	\$ (922,864)	\$ (789,870)
Gain on forgiveness of debt	-	5,251	-	5,251
Reduction of flow-through premium (Note 5)	27,854	21,685	27,854	21,685
<b>Loss and comprehensive loss for the period</b>	<b>\$ (219,635)</b>	<b>\$ (475,384)</b>	<b>\$ (895,010)</b>	<b>\$ (762,934)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>				
	20,083,490	14,223,768	18,603,826	11,290,597

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

# Explorex Resources Inc.

## Condensed Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Months Ended	
	December 31, 2018	December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (895,010)	\$ (762,934)
Non-cash items		
Flow through obligation	31,000	-
Reduction of flow through premium liability	(27,854)	(21,685)
Share-based payment	-	230,490
Change in non-cash working capital accounts		
Accounts payable and accrued liabilities	153,085	8,864
GST receivable	4,362	(22,474)
Prepays	(73,004)	-
Cash used in operating activities	<u>(807,421)</u>	<u>(567,739)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Issuance of shares for cash	799,825	1,176,250
Stock options exercised	6,500	57,000
Share issuance costs	(5,950)	(8,050)
Proceeds from exercise of warrants	113,627	-
Cash provided by financing activity	<u>914,002</u>	<u>1,225,200</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Exploration and evaluation assets	<u>(26,752)</u>	<u>(77,080)</u>
Cash used in investing activity	<u>(26,752)</u>	<u>(77,080)</u>
<b>Change in cash for the period</b>	79,829	580,381
Cash, beginning of the period	<u>129,804</u>	<u>22,029</u>
<b>Cash, end of the period</b>	<u>\$ 209,633</u>	<u>\$ 602,410</u>

### Supplemental cash flow information:

Exploration expenditures in accounts payable and accrued liabilities	\$ 158,707	\$ 94,225
Flow-through premium liability on issuance of flow-through shares	\$ 23,450	\$ 42,950
Reclassification of exercise of stock options	\$ 3,050	\$ 22,300
Shares issued for debt	\$ 151,250	\$ -
Shares issued for exploration and evaluation assets	\$ 276,500	\$ 141,000
Warrants issued as finder fees	\$ 2,378	\$ 3,173

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

# Explorex Resources Inc.

## Condensed Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital \$	Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, March 31, 2017</b>	9,200,697	1,655,552	102,539	(1,654,510)	103,581
Exercise of stock options	400,000	57,000	-	-	57,000
Fair value of stock options exercised	-	22,300	(22,300)	-	-
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	-	-	230,490	-	230,490
Shares issued for exploration and evaluation assets	700,000	141,000	-	-	141,000
Loss for the period	-	-	-	(762,934)	(762,934)
<b>Balance, December 31, 2017</b>	15,967,197	2,997,929	313,902	(2,417,444)	894,387
<b>Balance, March 31, 2018</b>	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	50,000	9,550	(3,050)	-	6,500
Exercise of warrants	476,222	113,627	-	-	113,627
Shares issued for exploration and evaluation assets	925,000	276,500	-	-	276,500
Loss for the period	-	-	-	(895,010)	(895,010)
<b>Balance, December 31, 2018</b>	<b>21,228,919</b>	<b>4,341,453</b>	<b>335,498</b>	<b>(3,661,713)</b>	<b>(1,015,238)</b>

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

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 December 31, 2018, the Company had working capital of \$134,820, had not yet achieved profitable operations and has an accumulated deficit of \$3,661,713 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 interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The interim 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 interim financial statements do not include all the information required for full annual financial statements. The interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended March 31, 2018.

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

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended March 31, 2018, except for the following:

#### Financial instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

#### **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. The Company is evaluating the effect of this standard on the Company's financial statements.
- FRIC 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 Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 4. EXPLORATION AND EVALUATION ASSETS

	Silver Dollar Property	Arlington Property	Beatrice Property	Chrysler Property	Cobalt-Paragon Property	Handlebar Property	Kagoot Brook Property	Total
<b>Acquisition Costs</b>								
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
<b>Exploration Costs</b>								
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
	55,529	81	3,500	25,284	32,847	-	-	117,241
Closing, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
<b>Balance, March 31, 2018</b>	<b>\$ 203,830</b>	<b>\$ 8,495</b>	<b>\$ 15,500</b>	<b>\$ 89,784</b>	<b>\$ 93,847</b>	<b>\$ 7,003</b>	<b>\$ -</b>	<b>\$ 418,459</b>
<b>Acquisition Costs</b>								
Opening, March 31, 2018	\$ 68,000	\$ (9,065)	\$ 12,000	\$ 64,500	\$ 61,000	\$ 7,003	\$ -	\$ 203,438
Additions during the period	240,000	-	-	-	39,000	-	51,594	330,594
Option payment received/Grants	(25,000)	-	-	-	-	-	(12,000)	(37,000)
Closing, December 31, 2018	283,000	(9,065)	12,000	64,500	100,000	7,003	39,594	497,032
<b>Exploration Costs</b>								
Opening, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
Assay	-	-	-	-	-	-	1,959	1,959
Drilling	-	-	-	-	-	-	55,874	55,874
Equipment, field supplies, and other	-	-	-	-	-	-	36,723	36,723
Geological	84	-	-	-	-	-	73,725	73,809
Closing, December 31, 2018	135,914	17,560	3,500	25,284	32,847	-	168,281	383,386
<b>Balance, December 31, 2018</b>	<b>\$ 418,914</b>	<b>\$ 8,495</b>	<b>\$ 15,500</b>	<b>\$ 89,784</b>	<b>\$ 132,847</b>	<b>\$ 7,003</b>	<b>\$ 207,875</b>	<b>\$ 880,418</b>

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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.

#### **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 dated 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)).

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

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 per cent 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 the second anniversary of the effective date of the agreement, \$100,000 in cash on or before the third anniversary; and an additional \$250,000 in cash on or before the fourth anniversary for an aggregate total consideration of \$425,000;
- Share issuances: Mariner is required to issue 100,000 common shares on the second anniversary of the effective date, an additional 300,000 shares on or before the third anniversary and an additional 500,000 shares on or before the fourth anniversary for an aggregate total of 900,000 shares;
- Work commitments: Mariner is required to incur \$75,000 exploration expenditures on or before the first anniversary of the effective date; an additional \$150,000 on or before the second anniversary, an additional \$350,000 on or before the third anniversary and an additional \$425,000 on or before the fourth anniversary of the effective date for an aggregate \$1-million in exploration expenditures.
- Upon Mariner earning 75-per-cent 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);
- 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.

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 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 (under negotiation)	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 (under negotiation)	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 (under negotiation)	\$ 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 period 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.

#### Handlebar Property, British Columbia

The Company staked the Handlebar property consisting of two claims.

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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

#### **Kagoot Brook Cobalt Project, Ontario**

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; and
- Explorex will incur a total expenditure of \$750,000 (including all underlying payments) over a period of 4 years; of which \$100,000 will 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.

In August 2018, the Company received a New Brunswick Junior Mining Assistance Program (NMJMAP) grant of \$12,000. 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. The total consideration for the 100% acquisition of Hautalampi, the Company will deliver USD\$1,990,003 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 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 Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 December 31, 2018 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 period ended December 31, 2018:

- 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 Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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

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

The following share issuances occurred during the period ended December 31, 2018: (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 \$588,750. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 1,107,500 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 is 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 is estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 1.9%, 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") as 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 20, 2020. The Company recognized a flow-through premium liability of \$23,450. 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 period ended December 31, 2018, the Company issued 50,000 common shares upon the exercise of stock options, with an exercise price \$0.13. Cash proceeds received total \$6,500.
- During the period ended December 31, 2018, the Company issued 476,222 common shares upon the exercise of warrants. Cash proceeds received total \$113,756

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 \$241,750 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 is 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 will be accreted as the Company incurs exploration expenditures.

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 is approximately \$31,000 and has recorded a provision in the amount of \$31,000 for these potential liabilities.

- 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, with exercise prices between \$0.13 and \$0.15. Cash proceeds received total \$63,500.
- 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 Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 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 December 31, 2018, 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	(50,000)	0.13
Expired	(50,000)	0.13
Balance, December 31, 2018	1,460,000	\$ 0.23

The Company did not issue any stock options during the period ended December 31, 2018 (December 31, 2017 – 1,110,000).

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 December 31, 2018 is as follows:

Expiry Date	Number of Stock Options	Exercise Price	Number of Stock Options Exercisable
September 29, 2021	250,000	\$0.13	250,000
November 2, 2022	1,110,000	\$0.25	1,110,000
March 15, 2023	100,000	\$0.29	100,000
	1,460,000		1,460,000

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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

#### d) Share Purchase Warrants

As at December 31, 2018, 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	(476,222)	0.24
Expired	(2,554,250)	0.30
Granted	1,870,650	0.50
Balance, December 31, 2018	2,581,761	\$ 0.41

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

Number of Warrants	Weighted Average Exercise Price	Expiry Date
711,111	\$ 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 20, 2020

### 6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at December 31, 2018, the Company's shareholders' equity was \$1,015,238. 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 period ended December 31, 2018.

# Explorex Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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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 receivables and accounts payable and accrued liabilities approximates their carrying values due to the 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 December 31, 2018, the Company had a cash balance of \$209,633 to settle current liabilities of \$293,869.

#### *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 Condensed Interim Financial Statements

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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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 December 31, 2018, the Company entered into the following transactions with related parties:

- Paid or accrued exploration costs of \$84,165 (2017 - \$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 (2017 - \$7,500) and management fees of \$67,500 (2017 - \$22,500) to a company controlled by a director and Chief Executive Officer of the Company.
- Paid or accrued management fees of \$46,550 (2017 - \$12,000) to an Officer and director of the Company.
- Paid or accrued consulting fees of \$24,050 (2017 - \$71,600) to a director of the Company.
- Paid or accrued rent of \$17,550 (2017 - \$17,550) and management fees of \$60,750 (2017 - \$60,750) to a company controlled by a director and Chairman of the Board of the Company.
- Paid or accrued professional fees of \$22,500 (2017 - \$Nil) to the Chief Financial Officer of the Company.
- Paid or accrued professional fees of \$nil (2017 - \$7,500) to the former Chief Financial Officer of the Company.
- Paid or accrued director's fees of \$25,000 (2017 - \$Nil) to a company controlled by a director of the Company.

As at December 31, 2018, \$108,041 (March 31, 2018 - \$103,123) 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 twenty-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. The Company has 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

# **Explorex Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the period ended December 31, 2018

(Expressed in Canadian Dollars)

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### **9. SEGMENTED INFORMATION**

As at December 31, 2018, the Company currently operates in one segment being the acquisition and exploration and evaluation of resource assets located in British Columbia and Ontario, Canada as described in Note 4.

### **10. SUBSEQUENT EVENTS**

Subsequent to December 31, 2018, the Company:

- a) Received \$46,863 from the exercise of 278,122 warrants.
- b) Received \$6,500 from the exercise of 50,000 stock options.