

**SQUIRE MINING LTD.**  
**QUARTERLY REPORT**  
for the three months ended January 31, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

1.1 Date of Report: March 27, 2018

*The following management's discussion and analysis should be read together with the financial statements and accompanying notes for the three months ended January 31, 2018 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.*

*This management discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

1.2 Overall Performance

**Nature of Business and Overall Performance**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 23, 2011 under the name "0906251 B.C. Ltd.". The Company changed its name to "Squire Mining Ltd." effective January 13, 2015.

The principal business of the Company is the acquisition, exploration and, if warranted, development of mineral resource properties. Currently, the Company holds an option to acquire up to a 100% undivided interest in the Star Property, an early stage mineral exploration prospect totalling 2,942 hectares located south of Nazko, in the Chilcotin District of central British Columbia approximately 75 kilometres southwest of Quesnel, B.C.

On March 18, 2015 the Company received a receipt from the BCSC, ASC and OSC for its initial public offering ("IPO") dated March 17, 2015. As such, the Company became a reporting issuer in British Columbia, Alberta and Ontario. On June 12, 2015 the Company completed its IPO and the Company's common shares were deemed to be listed on the Canadian Securities Exchange ("CSE"). Trading commenced on June 16, 2015.

The IPO was comprised of 3,000,000 common shares at a price of \$0.10 per common share. On June 12, 2015 the Company paid the Agent a cash commission of \$30,000 and issued to the Agent broker warrants to purchase 300,000 common shares at \$0.10 per share until December 12, 2016. The Agent also received a corporate finance fee of \$25,000 (plus GST), of which a non-refundable amount of \$13,125 (inclusive of GST) was paid to the Agent in January 2015.

1.2 Overall Performance - (cont'd)

**Nature of Business and Overall Performance - (cont'd)**

During the year ended October 31, 2015, the Company used a portion of the net proceeds from the IPO, after paying the above noted amounts, to pay for, among other things, the balance of the costs of the IPO, the initial cash property payment and also paid for the initial costs of the recommended Phase 1 work program on the Star Property. The Company intends to use the remainder of the net proceeds from the IPO to fund the remainder of the recommended Phase 1 work program on the Star Property, the estimated general and administrative expenses for the ensuing 12 months, to establish reserves for the recommended Phase 2 work program on the Star Property (if warranted from the results of Phase 1) and unallocated working capital. If, based on the results of the Phase 1 work program, the Company decides not to proceed with Phase 2, the net proceeds from the IPO currently allocated as a reserve for Phase 2 will be reallocated towards the acquisition and exploration of one or more new mineral resource properties and/or for general working capital purposes. There are no assurances that the Company will proceed with Phase 2, which will be contingent upon favorable results from Phase 1.

The Star Property, located in the Cariboo Mining Division of British Columbia, encompasses six mineral tenures totaling 2,942 hectares. Pursuant to the option agreement, the Company held an option to purchase, subject to a 2% net smelter returns royalty (one half of this royalty may be purchased by the Company at any time prior to the commencement of commercial production for \$500,000), a 100% undivided interest in and to the Star Property for a purchase price of 250,000 common shares of the Company exercisable at any time prior to 12 months from the date of its listing on the CSE ("Listing Date"). As the Company did not exercise such option, the Company may still acquire a 51% undivided interest in the Star Property by making cash payments totaling \$78,000 and incurring exploration expenditures totaling \$885,000 on the Star Property over a period of four years from the Listing Date. Thereafter, the Company may earn an additional 10% undivided interest in the Star Property (61% in total) by completing, at its sole cost, a pre-feasibility study on the Star Property, and a further 9% interest in and to the Star Property (70% in total) by completing a senior financing required to place the Star Property into production.

The Star Property exploration program consists of two phases. Phase 1 consists of a geochemical soil sampling program of approximately 1,500 samples over a grid of measured east-west oriented line stations totaling 75 line kilometres and a ground based magnetometer survey to investigate the mineral potential of Star Property. The estimated cost of Phase 1 is \$72,050. If warranted by the results of Phase 1, a follow up Phase 2 program consisting of a 30 line kilometre induced polarization geophysical survey and five diamond drill holes totaling 2,000 metres is recommended at an estimated cost of \$440,000.

During the year ended October 31, 2015, the Company focused its activities on its Phase 1 work program. The first stage of the Phase 1 field work was completed. The proposed program consisted of 8 lines, 800 metres apart that cover most of the property. The program collected 221 soil samples and completed 3 of the 8 proposed lines. The samples were analyzed for 53 elements. Numerous anomalies were identified on the property including multi-element lead-zinc-silver-cadmium anomalies. These anomalies will need more detailed sampling around them before any size or trend can be determined. Response ratios of up to 216 for zinc, 114 for lead, 96 for cadmium, 21 for silver, 11 for copper and 6 for gold have been calculated. Management was encouraged by the results as the lead-zinc-silver-cadmium anomalies might be the geochemical signature of a vein hosted silver-lead-zinc deposit or a disseminated gold-silver-lead-zinc deposit. During the year ended October 31, 2016 the Company completed the first phase MMI<sup>TM</sup> soil geochemistry program and more detailed sampling surrounding identified anomalies. This program was completed June 25, 2016 and the Company received the Geological and Geochemical Assessment Report dated October 1, 2016 on October 17, 2016.

1.2 Overall Performance - (cont'd)

**Nature of Business and Overall Performance - (cont'd)**

Recommendations included increasing the density of sampling around identified MMITM soil geochemistry anomalies and trenching of anomalies with a small backhoe. If any encouraging results are obtained from trenching, then drilling is warranted.

The \$10,000 property option payment due eighteen months after Listing Date was paid on January 10, 2017. There was no other exploration work conducted during the year ended October 31, 2017, which was primarily due to forest fire closures and wild fires in the area. At October 31, 2017, the Company had not paid the required property payment or incurred the required exploration costs due by twenty-four months after the listing date. By an agreement dated February 1, 2018 the Company replaced the prior agreements with a new option agreement effective February 15, 2018 such that in order to earn the 51% interest in the Star Property, the Company shall pay a further \$60,000 in cash over the next two years (\$10,000 due on or before February 15, 2018 (paid)) and incur a further \$785,000 in exploration work over the next two years (\$35,000 advanced).

The term of the option shall be until August 15, 2020. If the option is not exercised or the cash and exploration work has not been paid in full on or before August 15, 2020, the option shall terminate. The Company may earn an additional 14% interest in the Star Property by completing a preliminary economic assessment and a further 15% interest upon successful completion of a financing sufficient to carry out a feasibility study on the property.

Consequently, the Company is contemplating a two-phase work program for 2018, including Phase 1 trenching, geochemical, stream sediment sampling, prospecting on the southern part of the claims (estimated cost of \$35,000) and, subject to the results of Phase 1, Phase 2 diamond drilling (estimated cost of \$250,000). Phase 2 is subject to favourable results from Phase 1.

The 2016 and 2015 Assessment Report, MMI<sup>TM</sup> results and maps of the 2016 and 2015 program can be found on the Squire Mining website.

On March 26, 2018 the Company announced that it had staked seven mineral claims in the Chilcotin and Netchako regions of British Columbia. These properties cover an area of 4,192 hectares and are prospective for gold and silver. The Company intends to carry out a preliminary evaluation of these properties in the summer of 2018, including stream and soil geochemical sampling and prospecting.

On October 14, 2016, the Company entered into a binding letter of intent (“LOI”) with Strategic Aviation Holdings Ltd. (“SAH”), a privately-owned company incorporated under the laws of Ontario, and each of the shareholders of SAH, which set out the terms and conditions pursuant to which the Company, SAH and the SAH shareholders agreed to complete a transaction that would result in the acquisition by the Company of all of the issued and outstanding common shares of SAH.

SAH is a national multi-functional aviation services provider, focusing on airline ground handling and catering logistics services in Canada.

The completion of the proposed transaction was subject to a number of terms and conditions, including entering into a definitive agreement, the completion of the financing, the approval of the shareholders of the Company, the approval of the exchange and other relevant regulatory authorities. On January 6, 2017, the LOI was terminated after the parties were unable to meet certain conditions required to complete the transaction on mutually acceptable terms. The Company incurred final legal costs during the nine months ended July 31, 2017.

1.2 Overall Performance - (cont'd)

**Nature of Business and Overall Performance - (cont'd)**

On June 20, 2017 the Company reported that Ian Mann had resigned as the President and Chief Executive Officer and a director of the Company for personal reasons. Tibor Gajdics, a director of the Company, was appointed interim President and Chief Executive Officer pending the appointment of a new President and Chief Executive Officer for the Company. The board of directors expressed its deep gratitude and appreciation to Mr. Mann for his years of service to the Company.

On July 26, 2017 the Company announced that certain directors and insiders of the Company granted an option to Ore Capital Partners Ltd., a private British Columbia company, and/or its assignees to acquire a total of 11,000,000 common shares (the "Option Shares") of the Company from these directors and insiders for an aggregate purchase price of \$210,000. Ore exercised this option on December 15, 2017 and closed on January 10, 2018. The Option Shares represent approximately 50% of the current issued and outstanding shares of the Company and could result in the creation of Ore Capital as a control person of the Company.

On September 13, 2017 the Company completed a non-brokered private placement financing of 6,366,666 units at \$0.06 per unit for gross proceeds of \$382,000. Each unit consists of one common share and one transferable share purchase warrant to purchase an additional common share at a price of \$0.08 per share until September 13, 2019. The Company also paid a finder's fees in connection therewith of 402,500 units comprising the same terms as the private placement. The net proceeds of this financing will be used for general corporate and working capital purposes and to investigate new business opportunities.

On October 5, 2017 the Company granted Mr. Jeffrey Howlett a share purchase option to purchase up to 100,000 common shares of the Company at \$0.12 per share exercisable until October 5, 2022.

On November 2, 2017, Owen King was appointed to the Board of Directors. Mr. King has 20 years of experience in the financial markets and management consulting fields. In conjunction with such appointment, the Company granted Mr. King a share purchase option to purchase up to 500,000 common shares of the Company at \$0.10 per share exercisable until November 2, 2022.

On November 24, 2017 the Board of Directors approved a change to the Company's capital investment policies to permit management to make investments from time to time in other publicly traded companies that management believes offers potentially superior returns on investment. It is anticipated that a maximum of 25% of the Company's available cash on hand from time to time will be made available for this purpose.

On December 1, 2017, Garry Stock was appointed to the Board of Directors. Mr. Stock has 20 years of experience in the resource industry. Br. Stock holds an Honours BA in Economics and completed the CFA program in 1998. In order to facilitate Mr. Stock's appointment, Chrisilios Kyriakou has stepped down as a director of the Company.

1.2 Overall Performance - (cont'd)

**Nature of Business and Overall Performance - (cont'd)**

By an agreement dated December 12, 2017, as amended on January 29, 2018, the Company purchased an 18% interest in an exclusive eight-year license to commercially exploit a patented communications technology designed to create autonomous communication networks without the need to connect to the internet, cellular or other communications infrastructure. This license relates solely to commercial applications for the mining resource industry worldwide. In consideration, the Company paid to the licensee \$225,000. This agreement is subject to the underlying owners consent to the assignment of the interest to the Company, a 15% royalty of net revenue received payable to the underlying owner and the licensee incurring a minimum of \$50,000 on or before December 12, 2018 in qualified expenditures to develop mining-related uses for the technology, failing which the Company's interest in the license will automatically increase to 25%.

On December 15, 2017 the Company closed a non-brokered private placement of 10,133,333 units at \$0.06 per unit for gross proceeds of up to \$608,000. Each unit consists of one common share and one transferable share purchase warrant to purchase one additional common share at \$0.08 per share exercisable until December 21, 2019, as to 8,633,333 warrants and December 27, 2019, as to 2,500,000 warrants. The Company also paid a finder's fee of 560,000 units comprising the same terms as the private placement (The Company also paid a finder's fee of 560,000 units comprising the same terms as the private placement (exercisable until December 27, 2019). The net proceeds of this financing will be used for, among other things, general corporate and working capital purposes and to investigate new business opportunities and to fill key executive roles.

On January 12, 2018, 750,000 share purchase options were exercised, as to 500,000 at \$0.12 per share and as to 250,000 at \$0.12 per share.

On January 12, 2018 the Company granted share purchase options to employees, directors, officers and consultants to purchase up to 3,233,334 common shares at \$0.15 per share, exercisable until January 12, 2020.

Also, on January 18, 2018, the Company announced that it has begun investigating other technology acquisitions in the internet-of-things, mesh networking and blockchain ecosystems. Acquisitions are resource-technology related, but the Company may consider making acquisitions that have global applications, including identifying partner to manage the non-resource-related aspects of the technology.

By a subscription agreement dated February 5, 2018, the Company agreed to purchase 300,000 units of Universal mCloud Corp. ("mCloud") at \$0.35 per unit for a total subscription of \$105,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the Company the right to purchase one common share at \$0.45 per share exercisable for thirty-six months from the closing date, subject to early redemption by mCloud if the 10-day weighted average trading price of the common shares of mCloud is at any time greater than \$0.80 per share.

In March 2018, 250,000 share purchase options entitling the holder thereof the right to acquire 250,000 common shares at \$0.12 per share were forfeited. Also in March 2018, 166,600 share purchase options were exercised at \$0.15 per share.

1.2 Overall Performance - (cont'd)

**Nature of Business and Overall Performance - (cont'd)**

By a letter agreement dated March 8, 2018, the Company agreed to form a joint venture company to undertake the design, development and commercialization of application specific integrated circuit (“ASIC”) chips to mine bitcoin and other crypto-currencies. The initial development and manufacture of the chips is anticipated to be in Korea. The joint venture company will be established so that the Company will hold a 66 2/3% interest and Peter Kim (“Kim”) will hold a 33 1/3% interest. The Company will be responsible for providing initial funding of up to US\$3,000,000 and Kim will be responsible for the design and development of the chips. Actual funding will be staged and contingent upon Kim meeting certain milestones and time frames as set out in the letter agreement. If the Company provides funding in excess of US\$3,000,000, the Company’s interest in the joint venture company will automatically increase to 75% with Kim’s interest reduced to 25%. Kim will also be entitled to a royalty on gross revenues from the sale of chips equal to 1.25% until such time as the Company has recovered 100% of its funding contributions, after which time the royalty shall increase to 2.5% of gross revenues. The Company and Kim will seek to complete definitive documentation within 60 days.

On March 14, 2018 the Company announced a non-brokered private placement of up to 10,000,000 units at \$0.30 per unit for gross proceeds of \$3,000,000. Each unit will consist of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of \$0.50 for a period of one year. The Company reserved the right to increase the size of the placement by up to an additional 10% or \$300,000 at its discretion. The Company may also pay finder’s fees in connection with the Financing in cash, common shares and/or finder’s warrants in accordance with the policies of the Canadian Securities Exchange.

On March 26, 2018 the Company announced the appointment of Simon Moore as President, CEO and Director. Mr. Moore has over 30 years of corporate management experience working across various industry sectors and in both public and private enterprise. The Company also announced the Tibor Gajdics, interim President and Director has been appointed as Chairman of the Board and Kevin Hanson has resigned from the Board of Directors and as CFO effective from March 30, 2018.

On March 26, 2018, the Company announced that it has granted incentive stock options to consultants to purchase up to 450,000 common shares at \$0.30 per share, exercisable for a term of two years from the date of the grant.

The Company’s current financial condition is good with working capital of \$435,571 at January 31, 2018.

1.3 Selected Annual Information

N/A

#### 1.4 Results of Operations

The Company has not generated revenue to date. The loss before other items during the three months ended January 31, 2018 as compared to the three months ended January 31, 2017 was significantly different due to the Company becoming very active with investigating other technology acquisitions in the internet-of-things, mesh networking and blockchain ecosystems. Consequently, the Company engaged several consultants that provided services to the Company regarding the above noted activities, including services related to the mesh networking communication technology that the Company has a License for and the ASIC chips to mine bitcoin and other cryptocurrencies. Project investigation costs (consulting fees) in this regard totalled approximately \$119,000 for the three months ended January 31, 2018, whereas there were approximately \$49,000 in project investigation costs (legal fees) fees during the three months ended January 31, 2017 related to the SAH LOI. The Company also incurred consulting fees of approximately \$117,000 with respect to consultant's services for general services (not specific projects) during the three months ended January 31, 2018 whereas there were no consultant's services provided during the three months ended January 31, 2017. Legal fees increased from \$0 to approximately \$31,000 during the three months ended January 31, 2018 due to the legal services related to funding that was undertaken during the quarter and with regards to the mesh networking and ASIC agreements entered into both during and after the three months ended January 31, 2018. Management fees increased as the President and CFO charged for services during the three months ended January 31, 2018 whereas there were no charges during the three months ended January 31, 2017. Office, rent, transfer agent fees and travel increased during the three months ended January 31, 2018 mainly due to the increased activity during this quarter related to the items noted above. Finally, share-based payments increased significantly as the Company granted share purchase options during the three months ended January 31, 2018 valued at approximately \$358,000 whereas there were no options granted during the three months ended January 31, 2017.

The Company's cash outflow from operating activities during the three months ended January 31, 2018 (\$467,091) was greater than during the three months ended January 31, 2017 (\$50,925) primarily due to the increase in activity of the Company as discussed above.

Also, the Company's cash flow used in investing activities during the three months ended January 31, 2018 was reduced by \$225,000 for the purchase of its interest in the License. The Company spent approximately \$10,000 less on exploration during the three months ended January 31, 2018 as the Company had little activity on the Star Property as it was negotiating a new agreement on the Property.

Finally, the Company's cash flow from financing activities was \$693,000 during the three months ended January 31, 2018 as compared to \$0 during the three months ended January 31, 2017. During the three months ended January 31, 2018 the Company completed a private placement where the Company received \$608,000 and stock options were exercised where the Company received a total of \$85,000.

The Company's significant project is the Star Property exploration project, detailed in section 1.2.

## 1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Jan. 31,	Oct. 31,	July 31,	April 30,	Jan 31,	Oct. 31,	July 31,	April 30,
	2018	2017	2017	2017	2017	2016	2016	2016
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss) before discontinued operations and extraordinary items:								
Total	\$ (766,504)	\$ (86,616)	\$ (75,054)	\$ (2,242)	\$ (54,987)	\$ (29,355)	\$ (20,488)	\$ (57,980)
Per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Per share, fully Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net income (loss)								
Total	\$ (766,504)	\$ (86,616)	\$ (75,054)	\$ (2,242)	\$ (54,987)	\$ (29,355)	\$ (20,488)	\$ (57,980)
Per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Per share, fully Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The Company reported a net loss of \$766,504 during the three months ended January 31, 2018. Administrative expenses during the three months ended January 31, 2018 increased by approximately \$563,000 as compared to the three months ended October 31, 2017 due to the Company becoming very active with investigating other technology acquisitions in the internet-of-things, mesh networking and blockchain ecosystems. As a result of this increased activity, administrative services increased by approximately \$14,000, general consulting fees increased by approximately \$89,000, legal fees increased by approximately \$22,000, management fees increased by approximately \$30,000, office expenses increased by approximately \$13,000 and travel increased by approximately \$45,000. Also share-based payments increased by \$348,000 as the Company granted share purchase options during the three months ended January 31, 2018 valued at approximately \$358,000.

The Company also engaged several consultants that provided services to the Company regarding the above noted activities, including new services related to the mesh networking communication technology that the Company has a License for and the ASIC chips to mine bitcoin and other cryptocurrencies. Project investigation costs (consulting fees) in this regard increased by approximately \$117,000.

## 1.6 Liquidity

The Company has total assets of \$860,936 as at January 31, 2018. The Primary assets of the Company are cash of \$531,465, License cost of \$225,000 and exploration and evaluation assets \$84,153. The Company currently has a total working capital of \$492,900. The Company has adequate liquidity to meet its current plans, including the payments subsequent to January 31, 2018 of \$150,500 to purchase common shares of Universal mCloud Corp. and the total of \$42,500 paid for its exploration and evaluation of the Star Property. The Company also subsequently announced the private placement of \$3,000,000 (see 1.2 above). This had not closed at the date of writing this Quarterly Report. Its working capital requirements for the next twelve months will be its administrative costs regarding the operations of the public company, exploration costs, the License and the ASIC funding (see 1.2 above). It is expected that the Company will have adequate funds for the remainder of the year ended October 31, 2018.



#### 1.7 Capital Resources

The capital resources of the Company are primarily its cash of \$531,465 at January 31, 2018. The Company has received the results for the summer exploration program on its Star Property and expects to spend approximately \$35,000 on Phase 1 work and if warranted, \$250,000 on Phase 2 work.

Otherwise capital requirements will likely include administration costs, including consulting fees and management fees, and investments and development of those investments.

At January 31, 2018, the Company had no other commitments for expenditures other than the current accounts payables and accrued liabilities totalling \$61,883 and the planned expenditures on the ASIC chip development as disclosed in section 1.2.

#### 1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

#### 1.9 Transactions with Related Parties

During the three months ended January 31, 2018, the Company was charged \$52,500 in management fees by two companies each controlled by an officer of the Company. This included \$30,000 charged by the interim President (Tibor Gajdic) of the Company and \$22,500 charged by the Chief Financial Officer (Kevin Hanson) of the Company. Prepaid expenses at January 31, 2018 includes \$15,750 in management fees charged by a director of the Company (Tibor Gajdics). The Company was also charged \$30,000 in consulting fees by a director (Owen King) during the three months ended January 31, 2018. Finally, a company controlled by the Corporate Secretary (Donna Moroney) charged the Company \$13,958 for administrative services during the three months ended January 31, 2018. These fees are charged on a month to month basis. Included in accounts payables at January 31, 2018 is \$4,791 due to a company controlled by the Corporate Secretary.

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management.

#### 1.10 Fourth Quarter

N/A

#### 1.11 Proposed Transactions

N/A

#### 1.12 Critical Accounting Estimates

N/A for venture issuers

### 1.13 Changes in Accounting Policies including Initial Adoption

New accounting policies that the Company has adopted during the three months ended January 31, 2018 or expects to adopt are noted below (also disclosed in the January 31, 2018 financial statements):

#### Accounting Policies Initially Adopted

N/A

#### Accounting Standards and Amendments Issued but Not Yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing the financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on the financial statements.

- IFRS 9, *Financial Instruments* introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. This standard is effective for reporting periods beginning in or after January 1, 2018.
- IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 Leases. The standard replaces IAS 17 Leases and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019.

### 1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities.

The Company's financial instruments are exposed to the following risks at January 31, 2018:

#### *Credit Risk*

The Company's exposure to credit risk is the risk of illiquidity of cash amounting to \$531,465 at January 31, 2018. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

The Company also has exposure to credit risk with regards to its amounts receivable at January 31, 2018, which is due from the Canadian government. The Company closely monitors this risk and believes the risk is not significant.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company has maintained sufficient cash balances to meet these needs at January 31, 2018.

1.14 Financial Instruments and Other Instruments – (cont'd)

*Foreign Exchange Risk*

As at January 31, 2018, the Company has virtually no foreign exchange risk as all its activities are carried out in Canada and all its financial assets and liabilities are denominated in Canadian dollars.

*Interest Rate Risk*

The Company has no exposure to interest rate risk on its cash. At January 31, 2018, the Company maintained all of its cash balance on deposit in a chequing account with a major Canadian bank.

*Price Risk*

The Company is not exposed to price risk.

The carrying value of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. There is no income, expenses, gains or losses associated with the financial instruments.

1.15 Other MD&A Requirements

a) Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).

b) Disclosure of Outstanding Share Data

i) Authorized:

Unlimited common shares without par value

ii) Common Shares Issued:

	<u>Number</u>	<u>Amount</u>
Balance, October 31, 2017	28,921,167	903,738
Shares issued for cash:		
Private placement – at \$0.06	10,133,333	608,000
Share purchase options – at \$0.10	250,000	25,000
– at \$0.12	500,000	60,000
Share issue cost:		
Agent's units – at \$0.06	560,000	-
Fair value of warrants attached to agent's units	-	(67,200)
Fair value on stock options exercised	<u>-</u>	<u>32,500</u>
Balance, January 31, 2018	40,364,500	1,562,038
Shares issued for cash:		
Share purchase options – at \$0.10	<u>166,600</u>	<u>24,990</u>
Balance, March 27, 2018	<u>40,531,100</u>	<u>1,587,028</u>

1.15 Other MD&A Requirements – (cont'd)

b) Disclosure of Outstanding Share Data – (cont'd)

iii) Share Purchase Warrants:

At January 31, 2018 and March 27, 2018 there were 17,462,499 warrants outstanding entitling the holders thereof the right to purchase 17,462,499 common shares at \$0.08 per share exercisable as to 6,769,166 warrants until September 8, 2019, as to 7,633,333 warrants until December 21, 2019 and as to 3,060,000 warrants until December 27, 2019.

iv) Share Purchase Options:

At January 31, 2018 there were 3,958,334 share purchase options outstanding, 375,000, as to \$0.12 per share, expiring on March 31, 2020, 100,000, as to \$0.12 per share, expiring on October 5, 2022, 250,000, as to \$0.10 per share, expiring on November 2, 2022 and 3,233,334, as to \$0.15 per share, expiring on January 12, 2020.

Subsequent to January 31, 2018, 250,000 share purchase options entitling the holder thereof the right to acquire 250,000 common shares at \$0.12 per share were forfeited and 166,600 share purchase options were exercised at \$0.15 per share. Also subsequent to January 31, 2018, the Company granted incentive stock options to consultants to purchase up to 450,000 common shares at \$0.30 per share, exercisable for a term of two years from the date of the grant.

Consequently, as at March 27, 2018 there were 3,991,734 share purchase options outstanding, 125,000, as to \$0.12 per share, expiring on March 31, 2020, 100,000, as to \$0.12 per share, expiring on October 5, 2022, 250,000, as to \$0.10 per share, expiring on November 2, 2022, 3,066,734, as to \$0.15 per share, expiring on January 12, 2020 and 450,000, as to 0.30 per share expiring on March 26, 2018.