CORONADO RESOURCES LTD.

Consolidated Financial Statements

February 28, 2018
and
February 28, 2017

(Expressed in Canadian dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Coronado Resources Ltd.

We have audited the accompanying consolidated financial statements of Coronado Resources Ltd. which comprise the consolidated statements of financial position as at February 28, 2018 and 2017 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coronado Resources Ltd. as at February 28, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"De Visser Gry LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
June 19, 2018

CORONADO RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at February 28,		2018		2017
Assets				
Current assets				
Cash and cash equivalents	$	1,479,901	$	1,463,241
Amounts receivable		4,082		12,293
Marketable securities (Note 3)		56,375		-
Prepaid expenses		4,667		4,667
Shares receivable (Note 5)		54,812		54,812
		1,599,837		1,535,013
Restricted cash		34,585		11,601
Shares receivable (Note 5)		-		51,423
	$	1,634,422	$	1,598,037
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	27,231	$	50,167
		27,231		50,167
Shareholders' equity				
Capital stock (Note 6(b))		20,277,801		20,127,801
Contributed surplus (Note 6(d))		1,657,109		1,657,109
Deficit		(20,327,719)		(20,237,040)
		1,607,191		1,547,870
	$	1,634,422	$	1,598,037

Nature of operations and going concern (Note 1)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on June 19, 2018.

"Giuseppe (Pino) Perone"
…………………………………………………Director
Giuseppe (Pino) Perone

"Ashley Garnot"
…………………………………………………Director
Ashley Garnot

CORONADO RESOURCES LTD.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended February 28,	2018	2017
General and administrative expenses		
Amortization	$ -	$ 1,998
Audit and accounting	17,622	53,261
Bank charges	865	1,344
Business development	40,587	-
Consulting and director fees	1,000	28,250
Insurance	8,000	9,044
Legal	6,854	43,872
Management fees	38,593	84,569
Office and administration	346	7,854
Office rent (recovery)	(1,905)	16,897
Shareholder relations	22,145	720
Transfer and filing fees	37,947	20,724
Travel	17,984	-
	(190,038)	(268,533)
Other items		
Gain on sale of marketable securities	57,592	-
Foreign exchange gain (loss)	(2,796)	(7,525)
Interest and accretion income	19,645	15,925
Loss on sale of exploration and evaluation asset	-	(4,561,624)
Loss on sale of property and equipment	-	(543,983)
Unrealized gain on marketable securities	24,918	-
Write-off of subsidiary	-	(77,227)
	99,359	(5,174,434)
Net loss for the year	(90,679)	(5,442,967)
Other comprehensive income		
Cumulative translation adjustment	-	75,827
Comprehensive loss for the year	$ (90,679)	$ (5,367,140)
Loss per share, basic and diluted	$ (0.03)	$ (1.92)
Weighted average number of common shares outstanding	2,876,343	2,831,411

See accompanying notes.

CORONADO RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended February 28,		2018		2017
Operating activities				
Net loss for the year	$	(90,679)	$	(5,442,967)
Items not involving cash:				
Amortization		-		1,998
Gain on sale of marketable securities		(57,592)		-
Interest and accretion		(5,756)		(1,485)
Loss on sale of exploration and evaluation asset		-		4,561,624
Loss on sale of property and equipment		-		543,983
Unrealized gain on marketable securities		(24,918)		-
Write-off of subsidiary		-		77,227
		(178,945)		(259,620)
Changes non-cash working capital:				
Amounts receivable		8,211		21,334
Prepaid expenses		-		2,408
Accounts payable and accrued liabilities		(22,936)		(7,844)
		(14,725)		15,898
Cash used in operating activities		(193,670)		(243,722)
Financing activity				
Proceeds from share issuance		150,000		-
Redemption of restricted term deposit		-		81,173
Cash provided by financing activity		150,000		81,173
Investing activities				
Purchase of restricted term deposit		(23,000)		-
Exploration and evaluation asset expenditures		-		(157,130)
Proceeds on sale of exploration and evaluation assets		-		250,000
Proceeds on sale of marketable securities		83,330		-
Cash provided by investing activities		60,330		92,870
Net inflow (outflow) of cash and cash equivalents		16,660		(69,679)
Cash and cash equivalents, beginning of year		1,463,241		1,532,920
Cash and cash equivalents, end of year	$	1,479,901	$	1,463,241
Supplemental cash flow information				
Interest received	$	13,788	$	14,151
Cash and cash equivalents consist of:				
Cash	$	317,283	$	324,865
Short-term deposits		1,162,618		1,138,376
	$	1,479,901	$	1,463,241

See accompanying notes.

CORONADO RESOURCES LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares					
	Number	**Amount**	**Contributed surplus**	**Foreign Currency Translation Reserve**	**Deficit**	**Total**
Balance, February 29, 2016*(1)*	2,831,411	$20,127,801	$1,657,109	$ (75,827)	$ (14,794,073)	$ 6,915,010
Currency translation adjustment	-	-	-	75,827	-	75,827
Net loss for year	-	-	-	-	(5,442,967)	(5,442,967)
Balance, February 28, 2017*(1)*	2,831,411	$20,127,801	$1,657,109	$ -	$ (20,237,040)	$ 1,547,870
Share issuance	400,000	150,000	-	-	-	150,000
Net loss for year	-	-	-	-	(90,679)	(90,679)
Balance, February 28, 2018*(1)*	3,231,411	$20,277,801	$1,657,109	$ -	$ (20,327,719)	$ 1,607,191

(1) On October 20, 2017, the Company consolidated the outstanding share capital of the Company on the basis of two (2) pre-consolidation common shares for one (1) post consolidation common share. The difference of shares is due to rounding.

See accompanying notes.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Coronado Resources Ltd. (the "Company" or "Coronado") is incorporated under the *Business Corporations Act* (British Columbia). The Company's corporate office is located at 885 West Georgia Street, Suite 2040, Vancouver, BC, V6C 3E8, and its common shares commenced trading on the NEX as of March 1, 2017, which is a separate board of the TSX Venture Exchange ("TSX-V"), under the symbol "CRD.H" and on the OTC Pink Sheet market under the symbol "CRDAF". On May 25, 2017, TAG Oil Ltd. completed the distribution of its approximately 2,785,029 common shares of Coronado to its shareholders of record. During the year ended February 28, 2017, the Company through its wholly owned subsidiary, Coronado Resources USA LLC ("Coronado USA"), sold its copper and gold mining property located in Silverstar, Montana and related assets (the "Madison Property") (see Note 5). Management is currently considering various alternatives for the future of the Company.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At February 28, 2018, the Company had working capital of $1,572,606 (2017: $1,484,846). At February 28, 2018, the Company also had an accumulated deficit of $20,327,719 (2017: $20,237,040).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

(b) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries.

The Company's subsidiaries are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Coronado Resources USA LLC	USA	100%	Holding Company
Lynx Clean Power Corp.	Canada	100%	Holding Company
Lynx Gold Corp.	Canada	100%	Holding Company
Lynx Petroleum Ltd.	Canada	100%	Holding Company

(c) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) **Basis of Presentation**

These consolidated financial statements have been prepared in accordance with and comply with IFRS as issued by the International Accounting Standards Board and its interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

(e) **Significant accounting judgments, estimates and assumptions**

The preparation of the Company's consolidated financial statements is in conformity with IFRS, which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(f) **Asset retirement obligation**

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at February 28, 2018 and 2017, the Company did not have any asset retirement obligations.

(g) **Basic and diluted loss per share**

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

(h) **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Share-based compensation

The Company’s stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

(j) Impairment

At each financial position reporting date, the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 so that the increased carrying amount 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 years. A reversal of an impairment loss is recognized immediately in profit or loss.

(k) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. 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 years end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 balance sheet 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. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities, 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.

(l) **Financial instruments**

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables. Amounts receivable, excluding GST and shares receivable, is included in this category of financial assets.

iii. Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company currently does not have any financial assets classified as AFS.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in other comprehensive income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss.

Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities are included in this category of financial liabilities.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Derivative financial instruments

The Company holds derivative financial instruments to hedge its commodity price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in profit or loss as they are incurred. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is consumed by the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractual requirements, have been fulfilled. Revenue is measured based on the price specified in the sales contract.

(n) New accounting standards issued

Certain pronouncements were issued by the IASB or the IFRIC, but not yet effective as at February 28, 2018. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after March 1, 2018:

1) IFRS 9 – Financial Instruments (annual periods beginning March 1, 2018)

3. MARKETABLE SECURITIES

As at February 28,	**2018**		2017	
	Number of Shares Held	**Market Value**	Number of Shares Held	Market Value
Marketable securities available for sale	**275,000**	**$ 56,375**	-	$ -

During the year ended February 28, 2018, the Company sold marketable securities with a carrying amount of $25,738 (2017 – $nil) for total net proceeds of $83,330 (February 28, 2017 – $nil) and recognized a gain of $57,592 (2017 – $nil).

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro equipment	Office equipment	Buildings	Total
Cost						
February 29, 2016	$ 321,213	$ 667,005	$ 198,531	$ 35,472	$ 90,332	$ 1,312,553
Sale of assets	(321,213)	(667,005)	(198,531)	(35,472)	(90,332)	(1,312,553)
February 28, 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
February 28, 2018	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated amortization						
February 29, 2016	$ -	$ 464,449	$ 168,534	$ 22,214	$ 78,578	$ 733,775
Additions	-	27,192	4,027	1,998	1,578	34,795
Sale of assets	-	(491,641)	(172,561)	(24,212)	(80,156)	(768,570)
February 28, 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
February 28, 2018	$ -	$ -	$ -	$ -	$ -	$ -
Net book value						
February 28, 2017	$ -	$ -	$ -	$ -	$ -	$ -
February 28, 2018	$ -	$ -	$ -	$ -	$ -	$ -

On October 13, 2016, the Company sold its property and equipment relating to the Madison Property. A resulting loss of $543,983 was realized. See also Note 5.

5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation asset had included a property located in Montana, USA. Capitalized expenditures were as follows:

	Madison Property, Montana
Balance, February 29, 2016	$ 4,728,229
Expenditures during the year	
Amortization	32,797
Assessment and taxes	68,046
Camp costs	3,815
Fieldwork and wages	85,130
Permits, assay and testing	6,438
Power utilities recovered	(7,999)
	188,227
Proceeds on sale of exploration and evaluation asset	(354,832)
Loss on sale of exploration and evaluation asset	(4,561,624)
	(4,728,229)
Balance, February 28, 2017	$ -
Balance, February 28, 2018	$ -

Madison Property, Montana

In April 2005, the Company entered into an agreement to purchase the Madison Property. The acquisition was completed in 2010 and subsequently increased and consolidated its claims since the original acquisition.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

On October 13, 2016, the Company and Coronado USA completed the asset purchase and sale agreement with Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) ("Broadway"), pursuant to which Coronado USA sold the Madison Property, in exchange for the following:

1) $250,000 on the closing date (received);

2) 1,000,000 common shares of Broadway as follows:

   i. 500,000 shares upon the first anniversary of the closing date (received); and
   ii. 500,000 shares upon the second anniversary of the closing date; and

3) the sum of $100,000, within 30 days of the commencement of commercial production.

In addition to the $250,000 received, the Company estimated and recorded a value of $104,832 for the 1,000,000 shares of Broadway to be received. The fair value of the Broadway shares was used and discounted to estimate the value.

As a result of the Madison Property sale, the Company recognized a loss of $4,561,624 during the year ended February 28, 2017 (see also Note 4).

6. CAPITAL STOCK

(a) **Authorized**

Unlimited number of common shares without par value.

(b) **Issued and outstanding**

During the year ended February 28, 2018:

On January 18, 2018, the Company issued 400,000 units ("Units"), at a price of $0.375 per Unit, for proceeds of $150,000 in a non-brokered private placement. Each Unit consists of one common share and one common share purchase warrant allowing the holder to purchase an additional common share of the Company at a price of $0.50 per common share for a period of one year from the date of closing.

During the year ended February 28, 2017:

No common shares were issued.

(c) **Stock options**

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. Unless otherwise specified by the Board of Directors at the time of granting an option, and subject to other term limits on option grants set out in the Plan, all options granted under the plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

The purpose of the Plan is to provide directors, officers, key employees and certain other persons who provided services to the Company and its subsidiaries with an increased incentive to contribute to the future success and prosperity of the Company.

There were no stock options outstanding as of February 28, 2018 and 2017.

(d) **Share-based compensation**

There were no stock options issued during years ended February 28, 2018 and 2017.

(e) **Share Purchase Warrants**

Details of the status of the Company's share purchase warrants are as follows:

	2018		2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	$ -	-	$ -
Granted	400,000(1)	0.50	-	-
Outstanding, end of year	400,000	$ 0.50	-	$ -

(1) Expires on January 18, 2019.

7. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	2018	2017
Consulting	$ -	$ 12,000
Director fees	1,000	1,250
Management fees	14,000	42,000
	$ 15,000	$ 55,250

During the year ended February 28, 2018, the Company was charged $24,593 (2017 - $42,569) for management fees by a Canadian related company with similar key management personnel. At February 28, 2018, $6,057 (2017 - $24,056) is owing to the Canadian related company with similar key management personnel and is included in accounts payable and accrued liabilities. All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended February 28, 2018, the Company paid $15,000 (2017 - Nil) to a related party for business development purposes.

8. FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company's short-term investments are held with a Canadian chartered bank and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As at February 28, 2018, there were no significant amounts past due or impaired.

Market Risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity, the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the Company's cash balance liquidity risk is assessed as low.

Foreign Exchange Risk

The Company currently does not have significant exposure to other currencies and this is not expected to change in the foreseeable future as the capital commitments that are expected to be carried out in United States dollars will be limited.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments, so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS RISK *(Continued)*

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. 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 classification of the Company's financial instruments are as follows:

As at February 28,		2018		2017	
	Fair Value Level	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost
		$	$	$	$
Financial assets:					
Cash and cash equivalents	1	1,479,901	-	1,463,241	-
Marketable securities	1	56,375	-	-	-
Restricted cash		-	34,585	-	11,601
Shares receivable		-	54,812	-	106,235
		1,536,276	89,397	1,463,241	117,836
Financial liability:					
Accounts payable and accrued liabilities		-	27,231	-	50,167
		-	27,231	-	50,167

The Company's cash and cash equivalents are classified as level 1. During the years ended February 28, 2018 and 2017, there were no transfers between level 1, level 2 and level 3.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future development of the business and maintaining investor, creditor and market confidence.

The Company defines its capital as shareholders' equity and working capital. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the event that adjustments to the capital structure are required, the company may consider issuing additional equity, raising debt or revising its capital investment programs.

(Expressed in Canadian Dollars)

9. CAPITAL MANAGEMENT *(Continued)*

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements or restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated. The Company may require equity issues to cover administrative and operating cost.

10. SEGMENTED INFORMATION

The Company operates in two geographic regions.

Geographic segments

The following non-current assets are located in the following countries:

	As at February 28, 2018		
	Canada	United States	Total
Reclamation deposits and restricted cash	$ 34,585	$ -	$ 34,585
	$ 34,585	$ -	$ 34,585

	As at February 28, 2017		
	Canada	United States	Total
Reclamation deposits and restricted cash	$ 11,601	$ -	$ 11,601
Shares receivable	-	51,423	51,423
	$ 11,604	$ 51,423	$ 63,024

11. INCOME TAXES

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

For the years ended February 28,	2018	2017
	$	$
Net loss for the year before tax	(90,679)	(5,442,967)
Expected income tax (recovery) expense	(22,548)	(1,873,379)
Net adjustment for deductible and non-deductible amounts	(7,169)	980,451
Unrecognized benefit of current non-capital loss	29,717	892,928
Total income tax (recovery) expense	-	-

The Company's unrecognized temporary differences and unused tax losses consists of the following:

As at February 28,	2018	2017
	$	$
Exploration and evaluation carrying amounts	329,286	328,889
Non-capital loss carry-forwards	11,269,203	10,367,782
Equipment and share issue costs	-	25,108
Unrecognized deductible temporary differences	11,598,489	10,721,779

(Expressed in Canadian Dollars)

11. INCOME TAXES *(Continued)*

As at February 28, 2018, the Company has Canadian non-capital losses carry forward of approximately $5,374,000. These losses are available to be utilized as deductions against future year's Canadian taxable income operations. If not utilized, they will expire as follows:

2026	$	158,000
2027		293,000
2028		381,000
2029		291,000
2030		517,000
2031		250,000
2032		523,000
2033		338,000
2034		873,000
2035		707,000
2036		600,000
2037		291,000
2038		152,000
	$	5,374,000

The Company has US non-capital loss carry-forwards for tax purposes (expiring between 2026 and 2038) of approximately $5,900,000 (2017 - $5,160,000) available to be utilized as deductions against future year's US taxable income.