TORQ RESOURCES

(Formerly Stratton Resources Inc.)

(An exploration stage company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars unless otherwise stated)

UNAUDITED

TORQ RESOURCES INC.
(Formerly Stratton Resources Inc.)

(the "Company")

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of Company's management.

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

May 29, 2018

TORQ RESOURCES INC. (Formerly Stratton Resources Inc.)

Condensed Consolidated Interim Statements of Financial Position

Unaudited - (Expressed in Canadian dollars)

	As at March 31, 2018	As at December 31, 2017	As at December 31, 2016
		(Restated - note 3)	(Restated - note 3)
Assets			
Current assets:			
Cash and cash equivalents	$ 14,870,842	$ 15,444,707	$ 5,864,033
Amounts receivable	331,336	328,723	31,938
Prepaid expenses and deposits	224,101	82,737	291,365
Deferred project acquisition costs	87,367	–	–
	15,513,646	15,856,167	6,187,336
Non-current assets:			
Mineral property interests (note 4c)	600,747	534,344	216,180
Total assets	**$ 16,114,393**	**$ 16,390,511**	**$ 6,403,516**
Liabilities and Equity			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 274,452	$ 201,719	$ 633,673
	274,452	201,719	633,673
Non-current liability:			
Gecon financial liability	155,970	151,049	218,472
	430,422	352,768	852,145
Equity			
Share capital	48,977,100	48,977,100	36,103,136
Share option and warrant reserve	7,603,303	7,094,897	5,039,680
Accumulated other comprehensive loss	(3,577)	(4,313)	(1,024)
Deficit	(40,892,855)	(40,029,941)	(35,590,421)
	15,683,971	16,037,743	5,551,371
Total liabilities and equity	**$ 16,114,393**	**$ 16,390,511**	**$ 6,403,516**

Subsequent events (note 4b)

Approved on behalf of the Board of Directors:

"Peter Rees"
Chief Financial Officer

"Jeffrey Mason"
Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TORQ RESOURCES INC. (Formerly Stratton Resources Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited - (Expressed in Canadian dollars, except share amounts)

	Three months ended March 31, 2018	2017
		(Restated - note 3)
Operating expenses		
Exploration and evaluation costs (note 5)	$ 128,004	$ 74,092
Fees, salaries and other employee benefits	442,050	105,386
Legal and professional fees	13,064	46,676
Regulatory, transfer agent and shareholder information	35,633	12,751
Office and administration	30,120	39,616
Investor relations and marketing	55,329	11,138
Bank charges	879	2,097
	705,079	291,756
Other expenses (income)		
Project investigation costs (note 6)	237,180	111,943
Interest income	(59,986)	(15,812)
Change in fair value of Gecon financial liability and startup costs	4,921	(2,265)
Foreign exchange gain	(24,280)	(18,592)
	157,835	75,274
Loss for the period	**862,914**	**367,030**
Other comprehensive loss, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Unrealized currency (gain) loss on translation of foreign operations	(736)	2,151
Other comprehensive (income) loss for the period	**(736)**	**2,151**
Total comprehensive loss for the period	**$ 862,178**	**$ 369,181**
Basic and diluted loss per share (note 13)	$ 0.01	$ 0.01
Weighted average number of common shares outstanding (basic and diluted) (note 13)	77,324,164	63,816,386

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TORQ RESOURCES INC. (Formerly Stratton Resources Inc.)

Condensed Consolidated Interim Statements of Changes in Equity

Unaudited - (Expressed in Canadian dollars, except share amounts)

	Number of shares	Share capital	Share option and warrant reserve	Accumulated other comprehensive income (loss)	Deficit (Restated - note 3)	Total
Balance at December 31, 2016	56,824,164	$ 36,103,136	$ 5,039,680	$ (1,024)	$ (35,590,421)	$ 5,551,371
Net loss and comprehensive loss for the period	–	–	–	(2,151)	(367,030)	(369,181)
Proceeds from private placement, net of share issue costs (note 7 (b))	20,300,000	12,747,964	–	–	–	12,747,964
Balance at March 31, 2017	77,124,164	48,851,100	5,039,680	(3,175)	(35,957,451)	17,930,154
Balance at December 31, 2017	77,324,164	$ 48,977,100	$ 7,094,897	$ (4,313)	$ (40,029,941)	$ 16,037,743
Net (loss) and comprehensive income (loss) for the period	–	–	–	736	(862,914)	(862,178)
Share-based compensation (note 8)	–	–	508,406	–	–	508,406
Balance at March 31, 2018	77,324,164	$ 48,977,100	$ 7,603,303	$ (3,577)	$ (40,892,855)	$ 15,683,971

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TORQ RESOURCES INC. (Formerly Stratton Resources Inc.)
Condensed Consolidated Interim Statements of Cash Flows

Unaudited - (Expressed in Canadian dollars)

	Three months ended March 31, 2018	2017 (Restated - note 3)
Cash (used in) provided by:		
Operating activities:		
Net loss for the period	$ (862,914)	$ (367,030)
Items not involving cash:		
Share-based compensation (note 8)	508,406	–
Change in fair value of Gecon financial liability	4,921	(2,265)
Unrealized foreign exchange loss	74,591	2,919
Interest income	(59,986)	(15,812)
Changes in non-cash working capital:		
Amounts receivable	(2,613)	(14,927)
Prepaid expenses and deposits	(141,328)	(54,107)
Accounts payable and accrued liabilities	46,626	(103,969)
Cash used in operating activities	(432,297)	(555,191)
Investing activities:		
Mineral property acquisition costs	(41,279)	–
Deferred project acquisition costs	(87,367)	–
Interest received	59,986	15,812
Cash (used in) provided by investing activities	(68,660)	15,812
Financing activities:		
Shares issued for cash, net of issuance costs (note 7 (b))	–	12,747,964
Cash provided by financing activities	–	12,747,964
Effect of foreign exchange rate changes on cash	(72,908)	(5,187)
Increase in cash	(573,865)	12,203,397
Cash, beginning of the period	15,444,707	5,864,033
Cash, end of the period	**$ 14,870,842**	**$ 18,067,430**

Supplemental cash flow information (note 11)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. Corporate information

Torq Resources Inc. (formerly known as Stratton Resources Inc.) (the "Company" or "Torq") is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange ("the Exchange") as a Tier 2 mining issuer. The Company changed its name to Torq Resources Inc. effective March 15, 2017 and its shares trade under the symbol TORQ.V in Canada and on the OTCQX under the US symbol TRBMF.

The Company is principally engaged in the acquisition, exploration, and development of mineral property interests with focus in the Americas. The Company, through its wholly owned subsidiaries, currently owns mineral concessions in Newfoundland, Canada and in Utah, United States (note 4).

The head office and principal address of the Company is located at 1199 Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5, Canada.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2017 and 2016 except as follows:

- Revenue Recognition

  Effective January 1, 2018 the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard did not impact the Company's financial statements, as currently the Company does not earn revenues.

- Financial instruments

  Effective January 1, 2018 the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaces 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 a substantially reformed approach to hedge accounting. The adoption of this standard did not impact the Company's financial statements as currently the Company does not hold any financial instruments for which the underlying accounting is impacted.

2. Basis of presentation (continued)

(a) Statement of compliance (continued)

- Change in accounting policy for exploration and evaluation costs

  Effective January 1, 2018 the Company elected to change its accounting policy for exploration and evaluation costs. As a result of this voluntary change in accounting policy, the Company has retrospectively restated certain prior period amounts within these condensed consolidated interim financial statements to be in accordance with this new policy. The voluntary change in policy and the impact on prior period amounts is detailed in note 3.

  The revised accounting policy for exploration and evaluation costs and mineral property interests is as follows:

  Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties is in good standing.

  The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("IFRS 6").

  Costs directly related to acquiring the legal right to explore a mineral property including acquisition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as mineral property interests. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral property interests. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

  Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities, including but not limited to researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling, payments made to contractors and consultants in connection with the exploration and evaluation of the property, are expensed in the period in which they are incurred as exploration and evaluation costs on the consolidated statement of loss and comprehensive loss.

  Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as administrative costs in the period in which they occur.

  As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration and evaluation costs.

  When a project is deemed to no longer have commercially viable prospects to the Company, all capitalized acquisition costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

  The Company assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

  Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development at which point the assets and further related costs no longer fall under the guidance of IFRS 6.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors of the Company on May 29, 2018.

2. Basis of presentation (continued)

(b) Basis of preparation and consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, with the exception of the Gecon financial liability, which is measured at fair value.

The Company's functional currency is the Canadian dollar, which is also the Company's presentation currency. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in Euros are denoted as EUR and in United States dollars ("USD") denoted as US$.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as follows:

Subsidiary	Place of incorporation	Functional Currency	Beneficial Interest
Stratton Resources (Canada) Ltd.	BC, Canada	CAD	100%
Torq USA Inc.	Nevada, USA	USD	100%
Gecon OOD	Bulgaria	EUR	100%
Archelaus Resources DOOEL (inactive)	Macedonia	EUR	100%

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

Intercompany balances and transactions have been eliminated on consolidation.

(c) Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgments and estimates were presented in note 2 of the audited annual consolidated financial statements for the year ended December 31, 2017 and have been consistently applied in the preparation of these condensed consolidated interim financial statements. No new judgements were applied for the periods ended March 31, 2018 and 2017.

3. Change in accounting policy

Effective January 1, 2018 the Company elected to change its accounting policy for exploration and evaluation costs incurred subsequent to the acquisition of a mineral property interest. Previously the Company had capitalized these costs as part of mineral property interests in accordance with IFRS 6 which allows for mining exploration companies to either capitalize or expense such costs.

Management determined that expensing exploration and evaluation costs would provide more relevant information to many of its financial statements users, as it would allow for comparisons to be drawn against its Canadian peers, many of which choose to expense such costs. Management believes that the new policy will assist users' review and analysis of the Company's financial statements as the statement of loss and comprehensive loss more fully reflects the activities and related expenditures for any given period.

The Company will continue to capitalize the costs incurred to acquire the right to explore a mineral property until the right is lost or the value of the mineral property is determined to be impaired.

See note 2 (a) for the Company's revised accounting policy on exploration and evaluation costs and mineral property interests.

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

3. Change in accounting policy (continued)

The impact of this voluntary change in accounting policy on prior period amounts is outlined below:

Statements of Financial Position

As at January 1, 2017	As previously reported	Adjustment	Restated
Mineral property interests	605,232	(389,052)	216,180
Deficit	35,201,369	389,052	35,590,421
As at December 31, 2017	**As previously reported**	**Adjustment**	**Restated**
Mineral property interests	2,166,106	(1,631,762)	534,344
Deficit	38,398,179	1,631,762	40,029,941

Statements of Loss and Comprehensive Loss

Three months ended March 31, 2017	As previously reported	Adjustment	Restated
Exploration and evaluation costs	-	74,092	74,092
Loss for the period	292,938	74,092	367,030
Net comprehensive loss	295,089	74,092	369,181
Loss per share (basic and diluted)	$0.00	$0.00	$0.01

Statement of Cash Flows

Three months ended March 31, 2017	As previously reported	Adjustment	Restated
Loss for the period	(292,938)	(74,092)	(367,030)
Changes in non-cash working capital			
Accounts payable and accrued liabilities	99,175	(203,144)	(103,969)
Cash used in operating activities	(277,955)	(277,236)	(555,191)
Exploration and evaluation costs	(277,236)	277,236	-
Cash used in investing activities	(261,424)	277,236	15,812

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

4. Mineral property interests

a) Newfoundland exploration projects

Wildwood Option

On October 28, 2016, the Company entered into an option agreement with Wildwood Exploration Inc. to acquire the rights to approximately 119,000 hectares in Newfoundland, Canada (the " Wildwood Option"). Under the terms of the Wildwood Option, the Company may acquire a 100% interest, subject to a NSR royalty, in 4,777 mineral claims through a combination of work expenditures and cash and share payments as listed in the table below:

Due dates	Status	Cash Payments	Common Shares	Work Expenditures
Upon signing of the agreement	Complete	$ 75,000	100,000	$ -
On or before October 28, 2017	Complete	150,000	200,000	250,000
On or before October 28, 2018		200,000	250,000	500,000
On or before October 28, 2019		250,000	400,000	500,000
On or before October 28, 2020		175,000	500,000	1,000,000
On or before October 28, 2021		-	1,750,000	-
Total		**$ 850,000**	**3,200,000**	**$ 2,250,000**

The NSR is 2.0% with 50% (being 1.0%) buyable for $3,000,000 at any time.

Cracker Option

On June 26, 2017, the Company entered into an option agreement with a private individual to acquire the rights to certain mineral claims in northeastern Newfoundland, Canada (the "Cracker Option"), that are adjacent to the Company's Wildwood Option claims.

Under the terms of the Cracker Option, the Company may acquire either 75% or 100% interest in the mineral claims through a combination of work expenditures and cash or share payments as outlined in the table below:

Due dates	Status	Cash Payments	Cash or Share payments	Work Expenditures
On June 26, 2017	Complete	$ 25,000	$ -	$ -
On or before June 26, 2018		50,000	-	100,000
On or before June 26, 2019		-	-	250,000
On or before June 26, 2020		-	175,000	650,000
Cumulative totals to earn a 75% interest in the claims		**75,000**	**175,000**	**1,000,000**
On or before June 26, 2021		-	250,000	1,000,000
Cumulative totals to earn a 100% interest in the claims		**$ 75,000**	**$ 425,000**	**$ 2,000,000**

Should the Company elect to make share payments instead of cash, the shares would be subject to a four month resale restriction in Canada and the per share value would be the 5-day volume weighted average trading price calculated for the five trading days prior to the date such payment is made.

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

4. Mineral property interests (continued)

b) Utah exploration projects

Speedway Gold Project

On March 15, 2018 the Company entered a mineral lease agreement (the “Speedway Agreement”) with Geological Services Inc. to acquire the rights to the Speedway gold project. Under the terms of the Speedway Agreement, the Company paid US$25,000 upon signing and will be required to pay steadily escalating annual lease payments as well as the underlying claim fees. There is no required work commitment and the Speedway Agreement can be terminated at any time after one year. The Speedway Agreement may be bought-out at any time for US$1,000,000 subject to a buyable 2% royalty to the underlying owner.

West Mercur Gold Project

Subsequent to the period end, on May 8, 2018, the Company entered a share exchange agreement with Rush Valley Exploration (“RVX”) and its three principal shareholders (the “Mercur Agreement”) to acquire a 100% interest in RVX and the West Mercur gold project. Under the terms of the Mercur Agreement, to acquire RVX, the Company can pay US$2.4 million in a combination of cash and common shares to RVX’s shareholders, at any time within a two-year period. During this two-year term, Torq is required to maintain the mineral interests in good standing and fund at least US $500,000 in recent and planned exploration. No interim shares or cash payments are due under the Agreement.

c) The following is a continuity of mineral property interest acquisition costs:

	Newfoundland	Utah	Total
Balance as at December 31, 2016	**$ 216,180**	**$ -**	**$ 216,180**
Direct acquisition costs	316,000	-	316,000
Other acquisition costs	2,164	-	2,164
Balance as at December 31, 2017	**$ 534,344**	**$ -**	**$ 534,344**
Direct acquisition costs	-	57,773	57,773
Other acquisition costs	-	8,630	8,630
Balance as at March 31, 2018	**$ 534,344**	**$ 66,403**	**$ 600,747**

5. Exploration and evaluation costs

For the three months ended March 31, 2018 the Company’s exploration and evaluation costs are broken down as follows:

	Newfoundland	Utah	Total
Aircraft and travel	4,201	239	4,440
Assays	82,997	-	82,997
Project support cost	450	-	450
Wages and consultants	24,672	139	24,811
Share-based compensation	85,437	-	85,437
Recoveries	(70,131)	-	(70,131)
Total for the three months ended March 31, 2018	**$ 127,626**	**378**	**128,004**

During the three months ended March 31, 2018, the Company was awarded a grant from the Government of Newfoundland and Labrador in the amount of $70,131 which was recorded as an offset to the exploration and evaluation costs incurred on the Newfoundland projects.

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

5. Exploration and evaluation costs (continued)

For the three months ended March 31, 2017 the Company's exploration and evaluation costs are broken down as follows:

	Newfoundland	Utah	Total
Assays	$ 40,569	$ -	$ 40,569
Project support cost	18,609	-	18,609
Wages and consultants	14,914	-	14,914
Total for three months ended March 31, 2017	**$ 74,092**	**$ -**	**$ 74,092**

6. Project investigation costs

	Three months ended March 31, 2018	Three months ended March 31, 2017
Assays	$ 1,948	$ 23,305
Equipment, vehicles rent and field supplies	146	2,476
Geological consulting, salaries and wages	94,126	64,696
Project support costs	5,352	-
Share-based compensation	113,933	-
Travel, meals, accommodation	21,675	21,466
	$ 237,180	**$ 111,943**

7. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Share issuances

Three months ended March 31, 2018:

There were no share issuances during the three months ended March 31, 2018.

Three months ended March 31, 2017:

On February 27, 2017, the Company closed a non-brokered private placement for gross proceeds of $13,195,000 (the "February 2017 Private Placement") pursuant to which the Company issued an aggregate of 20,300,000 common shares at a price of $0.65 per common share. Share issue costs related to the Private Placement amounted to $447,036, which included finder's fees of $377,042 and professional and regulatory fees of $66,994. A reconciliation of the impact of the February 2017 Private Placement on share capital is as follows:

	Number of common shares issued	Impact on share capital
Common shares issued at $0.65 per share	20,300,000	$ 13,195,000
Cash share issue costs	-	(447,036)
	20,300,000	**$ 12,747,964**

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

8. Share option and warrant reserve

Share-based options

The Company maintains a Rolling Share-based Option Plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time to time share options to its directors, officers, employees and other service providers. The share options vest 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

The continuity of the number of share options issued and outstanding is as follows:

	Number of share options	**Weighted average exercise price**
Outstanding, December 31, 2016	-	$ -
Granted	6,500,000	0.85
Forfeited	(60,000)	0.85
Outstanding, December 31, 2017	6,440,000	$ 0.85
Forfeited	(31,250)	0.85
Outstanding, March 31, 2018	6,408,750	$ 0.85

As at March 31, 2018, the number of share options outstanding and exercisable was:

	Outstanding			**Exercisable**		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Aug 30, 2022	6,408,750	$0.85	4.42	3,220,000	$0.85	4.42

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three months ended March 31, 2018 there were no share options granted and share-based compensation expense recognized was as follows:

	Year ended March 31, 2018
Recognized in net loss:	
Included in exploration and evaluation costs	$ 85,437
Included in consulting fees, wages and benefits	309,036
Included in project investigation costs	113,933
	$ 508,406

During the three months ended March 31, 2017, the Company did not grant any share options and had no outstanding or exercisable share options as at March 31, 2017.

Share purchase warrants

During the three months ended March 31, 2018 and 2017, the Company did not issue share purchase warrants and has no outstanding or exercisable share purchase warrants.

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

9. Related party transactions

All transactions with related parties have occurred in the normal course of operations. All amounts payable and receivable are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended March 31, 2018	Three months ended March 31, 2017
Universal Mineral Services Ltd. [1]		
Included in the statement of loss and comprehensive loss:		
Bank charges	$ 296	$ 571
Fees, salaries and other employee benefits	79,395	38,910
Office, rent and administration	20,794	34,913
Project investigation costs	6,035	31,675
Regulatory, transfer agent and shareholder information	-	612
Investor relations and marketing	221	-
Exploration and evaluation costs		
Newfoundland	-	6,442
Utah	139	-
Capitalized to mineral property interest:		
Utah Projects	4,627	-
Total transactions for the periods	**$ 111,507**	**$ 113,123**

1) Universal Mineral Services Ltd., ("UMS") is a private company with two directors and one officer in common that, pursuant to an agreement dated December 30, 2015, provides office space and administrative services to the Company on a cost recovery basis. The outstanding balance owing at March 31, 2018 was $55,263 (December 31, 2017 - $43,194) and prepaid expenses and deposits balance was $150,000 (December 31, 2017 - $50,000).

Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Short-term benefits	$ 63,795	$ 53,580
Share-based compensation	236,575	-
	$ 300,370	**$ 53,580**

10. Financial instruments

Financial instruments are evaluated under a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (market prices) or indirectly (derived from market prices);

Level 3 – Inputs for the asset or liability that are not based upon observable market data.

As at March 31, 2018 the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and the Gecon financial liability. The fair values of these financial assets and liabilities, with the exception of the Gecon liability, approximate their fair values due to their short-term maturity.

As at March 31, 2018 and 2017, the only financial instrument measured at fair value was the Gecon Financial Liability which is classified under level 3 of the fair value hierarchy. The Gecon Financial Liability was remeasured at March 31, 2018 with the change in fair value for the period then ended recognized in the statement of loss and comprehensive loss.

Unaudited - (Expressed in Canadian Dollars, unless otherwise stated)

10. Financial instruments (continued)

The Company's financial instruments are exposed to credit risk, liquidity risk and market risks, which include foreign currency risk and interest rate risk. As at March 31, 2018 the primary risks were as follows:

(a) Market risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The significant market risk to which the company is exposed is:

Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the Canadian dollar). As at March 31, 2018 and December 31, 2017, the Company's foreign currency exposure related to its financial assets and liabilities held in foreign currencies is as follows:

	March 31, 2018		December 31, 2017	
	US$	EUR	US$	EUR
Cash	3,385,668	10,366	990,303	29,601
Accounts payable and accrued liabilities	(27,209)	(4,260)	(21,538)	(3,071)
Gecon financial liability	(155,970)	-	(151,049)	-
	3,202,489	6,106	817,715	26,530

A 10% increase or decrease in the US dollar and Euro exchange rates would result in an increase/decrease of approximately $320,859 in the Company's net loss for the three months ended March 31, 2018.

11. Supplemental cash flow information

	March 31, 2018	March 31, 2017
Mineral property acquisition costs included in accounts payable	$ 25,124	$ -

Cash and cash equivalents at March 31, 2018 included $28,750 (December 31, 2017 - $28,750) held in a guaranteed investment certificate as security against corporate credit cards.

12. Segmented information

The Company operates as one operating segment, being the acquisition, exploration and development of mineral resource properties. The breakdown of the Company's non-current assets, being its mineral property interests, by geographic location can be found in its mineral property interests note 4(c).

13. Loss per share

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	Three months ended March 31, 2018	2017 (Restated – note 3)
Loss attributable to ordinary shareholders	$ 862,914	$ 367,030
Weighted average number of common shares	77,324,164	63,816,386
Basic and diluted loss per share	**$0.01**	**$0.01**

All of the outstanding share-purchase options at March 31, 2018 and 2017 were antidilutive for the periods then ended as the Company was in a loss position.