Gatling Exploration Inc.

Condensed Interim Financial Statements

Six Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Gatling Exploration Inc.

Six Months Ended September 30, 2018

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

November 28, 2018

Gatling Exploration Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

		September 30, 2018		March 31, 2018
Assets				
Current				
Cash and cash equivalents	$	6,809,762	$	-
Receivables		1,948		-
		6,811,710		-
Equipment (note 7)		155,387		-
Exploration & Evaluation Assets (note 8)		5,703,817		5,633,182
	$	12,670,914	$	5,633,182
Liabilities				
Current				
Accounts payable and accrued liabilities	$	32,751	$	-
		32,751		-
Shareholders' Equity				
Share Capital (note 10)		13,409,080		-
Contributed Surplus		-		6,178,441
Deficit		(770,917)		(545,259)
		12,638,163		5,633,182
	$	12,670,914	$	5,633,182

Going Concern (note 2)
Subsequent Events (note 12)

Approved on behalf of the Board:

"Richard Boulay" ……………………………… Director
Richard Boulay

"Nav Dhaliwal" ……………………………… Director
Nav Dhaliwal

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

Gatling Exploration Inc.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Expenses				
Consulting fees	**$** 39,067	$ 12,442	**$** 54,386	$ 25,715
Management and director fees (note 9)	15,800	3,300	19,100	16,600
Office and general	2,733	3,549	5,589	10,055
Professional fees (note 9)	14,629	2,936	24,706	5,752
Rent	2,420	1,072	5,247	3,496
Share-based payments (note 9)	-	748	-	86,036
Shareholder communications and investor relations	43,414	11,081	59,620	28,208
Transfer agent and filings fees	37,810	225	38,087	716
Travel	8,247	2,437	18,923	10,514
Net and Comprehensive Loss for the Period	**$** (164,120)	$ (37,790)	**$** (225,658)	$ (187,092)
Basic and Diluted Loss Per Share	**$** (0.03)	$ (0.00)	**$** (0.04)	$ (0.01)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	5,098,959	27,092,177	5,098,959	25,074,662

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

Gatling Exploration Inc.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total**
Balance, March 31, 2017	**-**	**$ -**	**$ 5,659,320**	**$ (177,775)**	**$ 5,481,545**
Funding provided by and expenses paid by Bonterra	-	-	192,521	-	192,521
Net loss and comprehensive loss for period	-	-	-	(187,092)	(187,092)
Balance, September 30, 2017	-	-	5,851,841	(364,867)	5,486,974
Funding provided by and expenses paid by Bonterra	-	-	326,600	-	326,600
Net loss and comprehensive loss for period	-	-	-	(180,392)	(180,392)
Balance, March 31, 2018	-	-	6,178,441	(545,259)	5,633,182
Funding provided by and expenses paid by Bonterra	-	-	230,639	-	230,639
Net loss and comprehensive loss for period	-	-	-	(166,778)	(166,778)
Balance, September 23, 2018	-	-	6,409,080	(712,037)	5,697,043
Shares issued as part of the Arrangement (note 1)	33,426,512	13,409,080	(6,409,080)	-	7,000,000
Net loss and comprehensive loss for period	-	-	-	(58,880)	(58,880)
Balance, September 30, 2018	**33,426,512**	**$ 13,409,080**	**$ -**	**$ (770,917)**	**$ 12,638,163**

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

Gatling Exploration Inc.
Condensed Interim Statements of Cash Flows
For the Six Months Ended September 30,
(Expressed in Canadian Dollars)

		2018		2017
Operating Activities				
Net loss for the period	$	(225,658)	$	(187,092)
Changes in non-cash working capital				
Receivables		(1,948)		-
Accounts payable and accrued liabilities		25,977		-
Cash Used in Operating Activities		(201,629)		(187,092)
Investing Activities				
Purchase of equipment		(155,387)		-
Exploration and evaluation expenditures		(63,861)		(5,429)
Cash Used in Investing Activities		(219,248)		(5,429)
Financing Activities				
Cash received as a result of Arrangement		7,000,000		-
Funding provided by Bonterra		230,639		192,521
Cash Provided by Financing Activities		7,230,639		192,521
Inflow of Cash and Cash Equivalents		6,809,762		-
Cash and Cash Equivalents, Beginning of Period		-		-
Cash and Cash Equivalents, End of Period	$	6,809,762	$	-

Supplemental Disclosure with Respect to Cash Flows		**2018**		**2017**
Income tax paid	$	-	$	-
Interest received	$	-	$	-
Exploration & evaluation assets included accounts payable and accrued liabilities (closing)	$	6,774	$	-

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Gatling Exploration Inc. (the "Company") is an exploration stage company incorporated on August 2, 2018, under the laws of the province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the province of Ontario, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "GTR". The Company's head office and principal business address is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 1000 – 840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1.

On September 24, 2018, Bonterra Resources Inc. ("Bonterra") completed a plan of arrangement (the "Arrangement") whereby Bonterra spun out its Larder Lake Project assets of $5,697,043 and cash of $7,000,000 in order to create a new exploration company (the Company), by way of plan of arrangement under the Business Corporations Act (British Columbia). Each holder of common shares of Bonterra received one common share of the Company for each seven common shares of Bonterra held.

2. GOING CONCERN

These condensed interim financial statements (the "financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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 operations.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation projects or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 28, 2018.

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION (Continued)

c) Basis of presentation

Prior to September 24, 2018, the historical accounts of the Company were prepared on a carve-out basis from Bonterra, representing the historical operations of the Larder Lake Project since March 16, 2016 (the date of acquisition of the Larder Lake Project by Bonterra) and have been derived from Bonterra's historical accounting records. The historical accounts of the Company reflect the statements of financial position, comprehensive loss, changes in equity and cash flows as if the Larder Lake Project had been an independent operation during the periods reported. The statements of comprehensive loss include an allocation of Bonterra's general and administrative expenses calculated on the basis of the ratio of time spent on the Larder Lake Project as compared to time spent on Bonterra's other exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these condensed interim financial statements.

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Exploration and evaluation assets

i) Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and amortization on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mining exploration tax credits for certain exploration expenditures incurred in Quebec and Ontario are treated as a reduction of the exploration and development costs of the respective resource property. The amounts are recorded in the year they are received.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Exploration and evaluation assets (continued)

ii) Exploration and evaluation expenditures (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

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

Exploration and evaluation assets are classified as intangible.

iii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

c) Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment of non-financial assets (continued)

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

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income/loss.

d) Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) as of April 1, 2018. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), for the classification and measurement of financial liabilities.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial instruments (continued)

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Loan and receivable (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

e) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components.

The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes option pricing model. The fair value attributed to the warrants is recorded in equity reserves.

g) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options remain in share-based payments reserve upon their expiry or cancellation.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for at the following rates per annum:

Equipment	20% declining-balance

j) New accounting standards issued but not yet effective

The Company is currently evaluating the impact that these new accounting standards are expected to have on its financial statements.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are discussed below.

a) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

c) Going concern risk assessment

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Key source of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at September 30, 2018, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents are classified as FVTPL; receivables as amortized cost; and accounts payable and accrued liabilities as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 6,809,762	$ -	$ -	$ 6,829,762

6. FINANCIAL INSTRUMENTS (Continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash and cash equivalents, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of September 30, 2018 equal $32,751. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is exposed to other price risk on its marketable securities.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

d) Capital management (continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended September 30, 2018. The Company is not subject to externally imposed capital requirements.

7. EQUIPMENT

		Equipment
Cost		
Balance, March 31, 2017 and 2018	$	-
Additions		155,387
Balance, September 30, 2018	$	155,387
Depreciation		
Balance, March 31, 2017 and 2018	$	-
Depreciation		-
Balance, September 30, 2018	$	-
Net book value, March 31, 2017 and 2018	$	-
Net book value, September 30, 2018	$	155,387

8. EXPLORATION AND EVALUATION ASSETS

a) Larder Lake Project

On September 24, 2018, as part of the Arrangement, the Company received a 100% interest in the Larder Lake Project, located in Ontario. One claim includes a 1.5% NSR, of which 1% may be repurchased by the Company for $750,000.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

A summary of exploration and evaluation expenditures for the six months ended September 30, 2018 and the year ended March 31, 2018 are as follows:

	Larder Lake Project
Balance, March 31, 2017	**$ 5,481,545**
Acquisition Costs	
Claim maintenance	104,160
Total Acquisition Costs	**104,160**
Property Exploration Costs	
Camp and other costs	14,046
Geological	33,431
Total Exploration Costs	**47,477**
Balance, March 31, 2018	**5,633,182**
Acquisition Costs	
Claim maintenance	13,023
Total Acquisition Costs	**13,023**
Property Exploration Costs	
Camp and other costs	2,884
Geological	54,728
Total Exploration Costs	**57,612**
Balance, September 30, 2018	**$ 5,703,817**

9. RELATED PARTY TRANSACTIONS

There was no key management compensation for the Company. These amounts of key management compensation represent the allocation of Bonterra's key management compensation on a pro rata basis.

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2017
Management and director fees	$ 19,100	$ 16,600
Professional fees	$ 5,250	$ 2,000
Share-based payments	$ Nil	$ 86,036

Included in accounts payable at September 30, 2018 was $8,789 (March 31, 2018 - $nil) for the recovery of shared expenses from a company with common management and directors.

10. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value

b) Issued and outstanding

During the six months ended September 30, 2018

On September 21, 2018, the Company issued 33,426,512 common shares valued at $13,409,080 as part of the Arrangement (note 1).

c) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

There were no transactions under the Company's stock option plan for the six months ended September 30, 2018 or the year ended March 31, 2018.

11. SEGMENTED DISCLOSURE

The Company has one operating segment, being mineral exploration and development. All of the Company's assets are located in Canada.

12. SUBSEQUENT EVENTS

a) Subsequent to September 30, 2018, the Company granted 3,325,000 stock options to directors, officers and consultants at an exercise price of $0.21 and with a term to expiry of three years.

b) Subsequent to September 30, 2018, the Company issued 100,000 common shares on the exercise of 100,000 stock options for proceeds of $21,000.

c) Subsequent to September 30, 2018, the Company issued 10,444,333 flow-through common shares of the Company at a price of $0.30 per share for gross proceeds of $3,133,300.