



Group Eleven Resources Corp.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2018

Expressed in Canadian Dollars

(Unaudited)

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of Group Eleven Resources Corp. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

GROUP ELEVEN RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

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

As at

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,060,079	\$ 5,050,079
Prepaid expenses	64,271	82,642
Other receivables	223,080	153,213
Total Current Assets	4,347,430	5,285,934
Non-Current Assets		
Equipment (Note 6)	33,985	10,912
Exploration and evaluation assets (Note 7)	8,897,821	8,897,821
Total Assets	\$ 13,279,236	\$ 14,194,667
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 428,719	\$ 641,187
Total Liabilities	428,719	641,187
Equity		
Share capital (Note 9)	13,027,584	13,027,584
Reserves (Note 9)	709,185	680,669
Deficit	(3,838,726)	(3,202,592)
Total Shareholders' Equity	9,898,043	10,505,661
Non-controlling interest (Note 10)	2,952,474	3,047,819
Total Equity	12,850,517	13,553,480
Total Liabilities and Equity	\$ 13,279,236	\$ 14,194,667

Nature and continuance of operations (Note 1)

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

GROUP ELEVEN RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

For the three months ended March 31

	2018	2017
		<i>Restated – Note 2</i>
Operating expenses		
Exploration expenditures (Note 7 and 13)	\$ 298,536	\$ 191,613
Management fees (Note 13)	28,166	38,104
Salaries and benefits (Note 13)	134,642	22,927
Professional fees (Note 13)	40,126	63,583
General and administrative	93,829	23,592
Marketing and investor relations	124,980	6,508
Depreciation (Note 6)	2,221	1,332
Foreign exchange gain	(6,597)	(3,969)
Interest income	(12,940)	–
Share-based payments (Note 9)	28,516	10,228
Loss and comprehensive loss for the period	\$ (731,479)	\$ (353,918)
Loss attributable to:		
Shareholders	\$ (636,134)	\$ (353,918)
Non-controlling interest (Note 10)	(95,345)	–
	\$ (731,479)	\$ (353,918)
Basic and diluted loss per common share attributable to shareholders	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	59,777,477	24,451,837

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

GROUP ELEVEN RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2018 and 2017

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

	Share Capital		Reserves	Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount					
Balance, December 31, 2016	24,012,755	\$ 2,084,011	\$ 297,090	\$ (853,174)	\$ 1,527,927	\$ –	\$ 1,527,927
Shares issued for private placement	540,301	115,148	–	–	115,148	–	115,148
Share-based payments	–	–	10,228	–	10,228	–	10,228
Loss for the year	–	–	–	(353,918)	(353,918)	–	(353,918)
Balance, March 31, 2017	24,553,056	2,199,159	307,318	(1,207,092)	1,299,385	–	1,299,385
Shares issued for private placement	16,307,788	5,194,961	–	–	5,194,961	–	5,194,961
Shares issued on initial public offering	12,500,000	5,000,000	–	–	5,000,000	–	5,000,000
Shares issued to acquire exploration assets	3,833,333	1,150,000	–	–	1,150,000	–	1,150,000
Share issuance costs	–	(646,460)	–	–	(646,460)	–	(646,460)
Share issue costs – agents' warrants	–	(115,022)	115,022	–	–	–	–
Non-controlling interest on acquisition of Ballinalack Resources Limited (Note 4)	–	–	–	–	–	2,433,333	2,433,333
Non-controlling interest on acquisition of TILZ Minerals Ltd. (Note 5)	–	–	–	–	–	658,255	658,255
Stock option exercises	2,583,300	244,946	(71,884)	–	173,062	–	173,062
Stock option expiries	–	–	(58,850)	58,850	–	–	–
Share-based payments	–	–	389,063	–	389,063	–	389,063
Loss for the year	–	–	–	(2,054,350)	(2,054,350)	(43,769)	(2,098,119)
Balance, December 31, 2017	59,777,477	13,027,584	680,669	(3,202,592)	10,505,661	3,047,819	13,553,480
Share-based payments	–	–	28,516	–	28,516	–	28,516
Loss for the period	–	–	–	(636,134)	(636,134)	(95,345)	(731,479)
Balance, March 31, 2018	59,777,477	\$ 13,027,584	\$ 709,125	\$ (3,838,726)	\$ 9,898,043	\$ 2,952,474	\$ 12,850,517

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

GROUP ELEVEN RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
For the three months ended March 31

	2018	2017
		<i>Restated – Note 2</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (731,479)	\$ (353,918)
Items not affecting cash:		
Depreciation	2,221	1,332
Share-based payments	28,516	10,228
Changes in non-cash working capital items:		
Prepaid expenses	18,371	689
Other receivables	(69,867)	(33,180)
Accounts payable and accrued liabilities	(212,468)	(101,994)
Net cash used in operating activities	(964,706)	(476,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(25,294)	(2,462)
Net cash used in investing activities	(25,294)	(2,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from shares issuances	–	115,148
Net cash provided by financing activities	–	115,148
Change in cash and cash equivalents	(990,000)	(364,157)
Cash and cash equivalents, beginning of the period	5,050,079	1,702,726
Cash and cash equivalents, end of the period	\$ 4,060,079	\$ 1,338,569
Cash and cash equivalents is represented by:		
Cash	1,550,079	1,338,569
Cash equivalents	2,510,000	–
	\$ 4,060,079	\$ 1,338,569

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

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GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

1. NATURE AND CONTINUANCE OF OPERATIONS

Group Eleven Resources Corp. (the "Company" or "GERC") was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company's corporate office is located at 1050 – 400 Burrard Street, Vancouver, British Columbia. The Company completed an initial public offering ("IPO") on December 14, 2017 and the Company's common shares were listed on the TSX Venture Exchange ("TSX-V") under the symbol ZNG.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to fund future exploration and development of economically recoverable reserves or potential business acquisitions, securing and maintaining title and beneficial interest in the properties and attaining future profitable production. At March 31, 2018, the Company had cash and cash equivalents of \$4,060,079 and working capital of \$3,918,711. Management believes that the Company has sufficient financial resources to maintain its operations and activities for the upcoming year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using, except as noted below, the same accounting policies and methods of application as the audited annual consolidated financial statements for the year ended December 31, 2017 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2017.

The Company has adopted IFRS 9 Financial Instruments ("IFRS 9") effective January 1, 2018. Changes to the Company's significant accounting policies are described in Note 3.

On May 22, 2018, the Board of Directors of the Company approved these condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, GERL and GEME, a 60% interest in Ballinalack Resources Limited, and a 76.56% interest in TILZ Minerals Ltd., all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(c) Change in Accounting Policy

Effective with the presentation of the financial statements for the year ended December 31, 2017, the Company voluntarily adopted a new accounting policy with respect to exploration and evaluation expenditures. In prior years, the Company's policy was to capitalize all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company changed the accounting policy to expense exploration and evaluation expenditures as

GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

incurred, on a retrospective basis. The Company has determined that this change in accounting policy enhances the reliability and relevance of the financial statements for users.

The effect of the change in accounting policy on the Company's financial position, financial performance and cash flows for the three months ended March 31, 2017, as previously reported, is set out below.

Condensed Consolidated interim statement of loss and comprehensive loss for the three months ended March 31, 2016	As Previously Reported	Effect of Change in Accounting Policy	As Restated Under New Accounting Policy
Operating expenses			
Exploration expense	\$ –	\$ 191,613	\$ 191,613
Foreign exchange loss	4,063	(94)	3,969
Loss and comprehensive loss for the period	\$ 162,399	\$ 191,519	\$ 353,918
Basic and diluted loss per common share	\$ (0.01)		\$ (0.01)

Exploration expense increased by \$191,613, previously capitalized to exploration and evaluation assets, and foreign exchange loss decreased by \$94, for a total increase to net and comprehensive loss of \$191,519.

The change in the accounting policy had no effect on the Company's condensed consolidated interim statement of changes in shareholders' equity, other than the changes to deficit, as detailed in note 17 in the December 31, 2017 financial statements, and to net and comprehensive loss, as shown and described above. Accordingly, no separate statement of changes in shareholders' equity is shown.

Consolidated statement of cash flows for the three months ended March 31, 2017	As Previously Reported	Effect of Change in Accounting Policy	As Restated Under New Accounting Policy
Cash flows from operating activities			
Loss for the period	\$ 162,399	\$ 191,519	\$ 353,918
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities	(119,942)	17,948	(101,994)
Net cash used in operating activities	303,272	173,571	476,843
Cash flows from investing activities			
Exploration and evaluation assets	173,571	(173,571)	–
Net cash used in investing activities	176,033	(173,571)	2,462
Change in cash, during the period	\$ (364,157)	\$ –	\$ (364,157)

GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net cash used in operating activities increased by \$173,571 as net loss increased \$191,519 for the amounts previously capitalized as exploration and evaluation assets, offset by a \$94 decrease in foreign exchange loss. Also, changes in accounts payable and accrued liabilities decreased by \$17,948 as these amounts had previously been capitalized to exploration and evaluation assets. Net cash used in investing activities decreased by \$173,571 as the amounts previously capitalized to exploration and evaluation assets were expensed.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(a) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist primarily of cash and cash equivalents and other receivables are classified at amortized cost.

(b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of other receivables.

The adoption of the ECL impairment model had no impact on the carrying amounts of the Company's financial assets on the transition date.

4. ACQUISITION OF BALLINALACK RESOURCES LIMITED

On June 30, 2017 the Company acquired, through GERL, a 60% interest in Ballinalack Resources Limited ("Ballinalack") from Teck Ireland Ltd. ("TIL"), a wholly owned subsidiary of Teck Resources Limited. Ballinalack holds a 100% interest in eleven prospecting licenses covering the Ballinalack Zinc Project located in Counties Westmeath and Longford, Ireland. The 60% interest effectively represents a 60% interest in the underlying prospecting licenses. The remaining 40% interest in Ballinalack is held by Shenzhen Zhongjin Lingnan Nonfemet Company Limited.

As consideration the Company issued 3,333,333 common shares of the Company with a value of \$0.30

GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

4. ACQUISITION OF BALLINALACK RESOURCES LIMITED, CONTINUED

per share and paid an additional \$2,500,000 in cash proceeds. The Company has also signed a royalty agreement providing a net smelter return (“NSR”) to TIL of 1.5% on 60% of the future production from Ballinalack. The Company can repurchase 0.5% of the NSR with a cash payment of \$2,000,000.

The Company has accounted for the acquisition as a purchase of an entity with assets and liabilities. The transaction did not qualify as a business combination under IFRS 3, Business Combinations. The purchase price has been allocated to the assets acquired and liabilities assumed as follows:

Purchase Price	
Cash	\$ 2,500,000
Common shares issued (3,333,333 shares)	1,000,000
Advisory fee	150,000
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	\$ 3,650,000
Net Assets Acquired	
Current assets, net of current liabilities	\$ (2,963)
Exploration and evaluation assets	6,086,296
Non-controlling interest	(2,433,333)
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	\$ 3,650,000

5. ACQUISITION OF TILZ MINERALS LTD.

On September 8, 2017 the Company acquired, through GERL, a 76.56% interest in TILZ Minerals Ltd (“TILZ”) from TIL. TILZ holds a 100% interest in six prospecting licenses covering the Stone Park Project located in Limerick County, Ireland. The 76.56% interest effectively represents a 76.56% interest in the underlying prospecting licenses. The remaining 23.44% interest in TILZ is held by Connemara Mining plc.

As consideration the Company paid \$2,150,000 in cash proceeds and signed a royalty agreement providing a net smelter return to TIL of 4.5% on 76.56% of the future production from TILZ. The Company has the following buy-back provisions with respect to the royalty agreement:

- 0.5% of the NSR can be repurchased for \$2,000,000 at any time,
- 1.0% of the NSR can be repurchased for \$1,000,000 on completion of a preliminary economic assessment,
- 1.0% of the NSR can be repurchased for \$1,000,000 on completion of a preliminary feasibility study,
- 1.0% of the NSR can be repurchased for \$3,000,000 on completion of a bankable economic assessment.

The Company has accounted for the acquisition as a purchase of an entity with assets and liabilities. The transaction did not qualify as a business combination under IFRS 3, Business Combinations. The purchase price has been allocated to the assets acquired and liabilities assumed as follows:

Purchase Price	
Cash	\$ 2,150,000
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	\$ 2,150,000
Net Assets Acquired	
Current assets, net of current liabilities	\$ (3,270)
Exploration and evaluation assets	2,811,525
Non-controlling interest	(658,255)
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	\$ 2,150,000

GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

6. EQUIPMENT

	Computer Equipment	Computer Software	Exploration Equipment	Total
Cost				
Balance, January 1, 2017	\$ 1,578	\$ 13,190	–	\$ 14,768
Additions	3,832	–	–	3,832
Balance, December 31, 2017	5,410	13,190	–	18,600
Additions	–	–	25,294	25,294
Balance, March 31, 2018	\$ 5,410	\$ 13,190	\$ 25,294	\$ 43,894
Accumulated Depreciation				
Balance, January 1, 2017	\$ –	\$ 1,894	\$ –	\$ 1,894
Depreciation	1,397	4,397	–	5,794
Balance, December 31, 2017	1,397	6,291	–	7,688
Depreciation	450	1,466	305	2,221
Balance, March 31, 2018	\$ 1,847	\$ 7,757	305	\$ 9,909
Net Book Value				
Balance, December 31, 2017	\$ 4,013	\$ 6,899	–	\$ 10,912
Balance, March 31, 2018	\$ 3,563	\$ 5,433	24,989	\$ 33,985

7. EXPLORATION AND EVALUATION ASSETS

All of the Company's exploration and evaluation assets are located in Ireland.

	Cumulative to December 31, 2016	Expenditures during the year	Cumulative to December 31, 2017	Expenditures during the period	Cumulative to March 31, 2018
Acquisition costs					
Exploration and evaluation assets acquired	\$ –	\$ 8,897,821	\$ 8,897,821	\$ –	\$ 8,897,821
Total exploration expenditures	\$ –	\$ 8,897,821	\$ 8,897,821	\$ –	\$ 8,897,821

	Cumulative to December 31, 2016	Expenditures during the year	Cumulative to December 31, 2017	Expenditures during the period	Cumulative to March 31, 2018
Exploration expenditures					
License fees	\$ 77,810	\$ 37,908	\$ 115,718	\$ 15,540	\$ 131,258
Technical Supervision	855	485	1,340	13,521	14,861
Data compilation	36,943	169,792	206,735	17,172	223,907
Geophysics	7,338	85,985	93,323	21,340	114,663
Geophysical interpretation	–	–	–	28,480	28,480
Diamond Drilling	53,846	141,147	194,993	94,295	289,288
Assays	1,373	12,631	14,004	2,090	16,094
Sampling supplies	337	20,567	20,904	1,204	22,108
Fieldwork	1,607	25,043	26,650	78,315	104,965
Geology consulting	20,621	23,054	43,675	17,838	61,513
Equipment and facilities	1,320	100,094	101,414	8,741	110,155
Total exploration expenditures	\$ 202,050	\$ 616,706	\$ 818,756	\$ 298,536	\$ 1,117,292

GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

March 31	2018	2017
Accounts payable	\$ 324,544	\$ 537,919
Accrued liabilities	104,175	103,268
Accounts payable and accrued liabilities	\$ 428,719	\$ 641,187

9. SHARE CAPITAL

a) Share capital

Authorized: an unlimited number of common shares with no par value.

Issued: 59,777,477 common shares.

b) Escrowed Shares

As a condition to the completion of the IPO, pursuant to the escrow provisions of the Canadian Securities Administrators, a total of 15,892,711 common shares held by Principals, defined as directors, officers, and MAG Silver Corp (MAG), were required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. An additional 4,750,000 common shares were subject to the “seed share resale restrictions” imposed by applicable policies of the TSX-V. The seed share resale restrictions required the escrow of 4,350,000 of the common shares which will vest on the same terms as the Principals and the remaining 400,000 common shares are subject to a four month hold period expiring April 14, 2018. In the event the 4,632,950 shares are issued to MAG upon exercise of warrants held (Note 8(d)), these shares will also be subject to the escrow requirements and held in trust.

As at March 31, 2018, 18,211,770 common shares were held in escrow and will be released pursuant to the schedule below:

Date	Percent	Amount
June 13, 2018	15%	3,046,411
December 13, 2018	15%	3,046,412
June 13, 2019	15%	3,046,412
December 13, 2018	15%	3,024,712
June 13, 2020	15%	3,023,912
December 13, 2020	15%	3,023,911
Total		18,211,770

In addition to the escrow provisions imposed by the TSX-V above, as a condition to the completion of the IPO, MAG’s shareholdings in the Company (9,471,208 common shares) are subject to a lock-up whereby it shall not sell or otherwise dispose of its holdings in the Company for a period of 6 months, other than in limited circumstances.

c) Stock options

The Company has a stock option plan (the “Plan”) that authorizes the Board of Directors to grant options to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one individual in a 12-month period may not exceed 5% of the outstanding common shares of the Company. The maximum number of stock options granted to any one consultant or an individual providing investor relations services in a 12-month period may not

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Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
As at March 31, 2018

9. SHARE CAPITAL, CONTINUED

exceed 2% of the outstanding common shares of the Company. Options granted to consultants or individuals providing investor relations services will vest over at least 12 months with no more than one-quarter of the options vesting in any three month period. The exercise price of each option will be determined by the Board, subject to the approval of the TSX-V if necessary. Options granted will have a term not to exceed five years and, except for where previously noted, are subject to vesting provisions as determined by the Board.

During the three months ended March 31, 2018, the Company granted 330,000 stock options (2017 – 200,000). Total share-based payments expense recognized for options granted and vested during the three months ended March 31, 2018 was \$28,516 (2017 - \$10,228).

Stock option transactions are summarized as follows.

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2016	5,882,950	0.15
Granted	2,050,000	0.35
Expired	(716,700)	0.22
Exchanged to warrants	(4,632,950)	0.27
Exercised	(2,583,300)	0.07
Balance, December 31, 2017	–	\$ –
Granted	330,000	0.40
Balance, March 31, 2018	330,000	0.40

The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2018	March 31, 2017
Risk free interest rate	0%	0%
Expected life of options	5 Years	1 Year
Expected dividend yield	Nil	Nil
Expected stock price volatility	80%	51%

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	–	\$ –
Granted	13,250,000	0.50
Exchanged from options	4,632,950	–
Balance, December 31, 2017	17,882,950	0.50
Balance, March 31, 2018	17,882,950	\$ 0.50

As at March 31, 2018, the following warrants were outstanding:

Number of Warrants	Exercise Price (\$)	Expiry Date
12,500,000	0.60	December 13, 2018
750,000	0.40	June 14, 2019
3,382,950	0.21	December 13, 2019
1,250,000	0.40	December 13, 2019

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Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)
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10. NON-CONTROLLING INTEREST

On June 30, 2017, the Company acquired a 60% interest in Ballinalack (Note 4) and on September 8, 2017 the Company acquired a 76.56% interest in TILZ (Note 5). Set out below is the summary financial information for Ballinalack and TILZ, the subsidiaries for which the Company is subject to a material non-controlling interest.

As at March 31, 2018	Ballinalack Resources Limited	TILZ Minerals Ltd.	Total
Non-controlling interest, beginning of the period	\$ 2,396,297	\$ 651,522	\$ 3,047,819
Share of loss	(78,915)	(16,430)	(95,345)
Non-controlling interest, end of the period	\$ 2,317,382	\$ 635,092	\$ 2,952,474

The following table presents the non-controlling interest as at March 31, 2018. The information below is before inter-company eliminations.

As at March 31, 2018	Ballinalack Resources Limited	TILZ Minerals Ltd.	Total
Non-controlling interest percentage	40%	23.44%	
Assets			
Current	\$ 26,447	\$ 1,756	\$ 28,203
Non-current	6,086,296	2,811,525	8,897,821
	\$ 6,112,743	\$ 2,813,281	\$ 8,926,024
Liabilities			
Current	\$ 331,343	\$ 107,989	\$ 439,332
	\$ 331,343	\$ 107,989	\$ 439,332
Net Assets	\$ 5,781,400	\$ 2,705,292	\$ 8,486,692
Non-controlling interest	\$ 2,317,382	\$ 635,092	\$ 2,952,474

The following table presents the loss and comprehensive loss attributable to non-controlling interest for the three months ended March 31, 2018:

Three months ended	March 31, 2018
Loss and comprehensive loss for the period	\$ 731,479
Loss attributable to non-controlling interest	
Ballinalack Resources Limited	78,915
TILZ Minerals Ltd.	16,430
	\$ 95,345

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11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the three months ended March 31, 2018.

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at March 31, 2018 the Company had working capital of \$3,918,711. Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At March 31, 2018, the Company had Euro denominated current assets of €330,804 and Euro denominated current liabilities of €226,713. Accordingly, a 10% change in the foreign exchange rate would result in a \$16,518 credit or charge to operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash is held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

Commodity price risk

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

Fair value

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:

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12. FINANCIAL RISK MANAGEMENT, CONTINUED

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

13. RELATED PARTY BALANCES AND TRANSACTIONS

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

Three Months Ended March 31	2018	2017
Management fees	\$ 28,167	\$ 38,104
Salaries and benefits	116,248	22,927
Professional fees	–	8,464
Exploration and evaluation expense	23,631	19,646
Total	\$ 168,046	\$ 89,141

At March 31, 2018, accounts payable and accrued liabilities include \$46,584 (December 31, 2017 – \$109,164) payable to key management personnel of the Company.