



MARITIME RESOURCES CORP.

FINANCIAL STATEMENTS

December 31, 2017

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Maritime Resources Corp.

We have audited the accompanying financial statements of Maritime Resources Corp., which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Maritime Resources Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Maritime Resources Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 19, 2018

MARITIME RESOURCES CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2017	December 31, 2016
		(\$)	(\$)
Assets			
Current assets			
Cash	6	387,117	580,510
Receivables	13	35,789	58,877
Prepaid expenses		45,548	13,807
		468,454	653,194
Exploration and evaluation assets	7, 13	6,469,604	5,826,365
		6,938,058	6,479,559
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	8, 13	150,442	408,143
Loans	9, 13	442,640	100,000
Flow-through premium liability	11	63,982	-
		657,064	508,143
Shareholders' Equity			
Capital stock	11	10,202,819	8,753,812
Share subscriptions receivable	11	(100,000)	-
Subscriptions received in advance	11	96,920	-
Treasury shares	11	(245,000)	(245,000)
Reserves	11	1,222,944	914,553
Royalty reserve	11	210,700	210,700
Deficit		(5,107,389)	(3,662,649)
		6,280,994	5,971,416
		6,938,058	6,479,559

See accompanying notes to the financial statements.

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board:

"Douglas Fulcher"

..... Director
Douglas Fulcher

"Allan Williams"

..... Director
Allan Williams

MARITIME RESOURCES CORP.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	For the Years Ended	
		December 31, 2017	December 31, 2016
		(\$)	(\$)
Expenses			
Administration	13	344,159	328,558
Consulting	13	429,079	313,946
Directors' fees	13	27,000	66,000
Financing expense, accretion and interest on loans payable	9	162,091	25,304
Investor relations and promotion		314,511	331,211
Professional fees		72,189	47,158
Share-based payments	11,13	239,912	275,973
		(1,588,941)	(1,388,150)
Interest income		1,398	516
Recovery on flow-through premium liability		72,685	-
Loss and Comprehensive Loss for the Year		(1,514,858)	(1,387,634)
Loss Per Share - basic and diluted		(0.03)	(0.029)
Weighted Average Number of Common Shares Outstanding		50,622,077	48,051,429

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.
Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Note	Capital Stock		Share subscriptions receivable	Share subscriptions received in advance	Treasury Shares	Reserves	Royalty Reserve	Deficit	Total shareholders' equity
		Shares (#)	Amount (\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance, December 31, 2015		35,867,795	6,088,885	-	-	-	462,734	-	(2,341,295)	4,210,324
Loss for the year		-	-	-	-	-	-	-	(1,387,634)	(1,387,634)
Shares and warrants issued upon private placements	11	23,070,000	3,229,800	-	-	-	-	-	-	3,229,800
Share issuance cost		-	(322,747)	-	-	-	-	-	-	(322,747)
Finders' Warrants		-	(242,126)	-	-	-	242,126	-	-	-
Royalty reserve		-	-	-	-	-	-	210,700	-	210,700
Treasury shares	11	(1,500,000)	-	-	-	(245,000)	-	-	-	(245,000)
Share-based payments		-	-	-	-	-	275,973	-	-	275,973
Transfer of share-based payments expired		-	-	-	-	-	(66,280)	-	66,280	-
Balance, December 31, 2016		57,437,795	8,753,812	-	-	(245,000)	914,553	210,700	(3,662,649)	5,971,416
Loss for the year		-	-	-	-	-	-	-	(1,514,858)	(1,514,858)
Shares and warrants issued upon private placements	11	14,972,501	1,633,917	(100,000)	96,920	-	-	-	-	1,630,837
Share issuance cost		-	(99,100)	-	-	-	-	-	-	(99,100)
Finders' Warrants	12	-	(33,210)	-	-	-	33,210	-	-	-
Non-cash transactions:				-	-					-
Other liability on flow-through share premium	14	-	(136,667)	-	-	-	-	-	-	(136,667)
Shares issued for properties	11	360,000	37,400	-	-	-	-	-	-	37,400
Shares issued to lender	9,11	333,333	46,667	-	-	-	105,387	-	-	152,054
Share-based payments		-	-	-	-	-	239,912	-	-	239,912
Transfer of share-based payments expired		-	-	-	-	-	(70,118)	-	70,118	-
Balance, December 31, 2017		73,103,629	10,202,819	(100,000)	96,920	(245,000)	1,222,944	210,700	(5,107,389)	6,280,994

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the Years Ended	
	December 31, 2017	December 31, 2016
	(\$)	(\$)
Operating Activities		
Loss for the year	(1,514,858)	(1,387,634)
Items not involving cash:		
Share-based payments	239,912	275,973
Financing expense and interest accrued on loan payable	162,091	25,304
Flow through premium recovery	(72,685)	-
	(1,185,540)	(1,086,357)
Changes in non-cash working capital:		
Receivables	23,088	(51,839)
Prepaid expenses	(31,741)	(13,807)
Accounts payable and accrued liabilities	(104,878)	(174,957)
	(113,531)	(240,603)
Cash Used in Operating Activities	(1,299,071)	(1,326,960)
Investing Activities		
Exploration and evaluation expenditures	(960,436)	(712,402)
Recoveries and Grant	164,377	-
Cash Used in Investing Activities	(796,059)	(712,402)
Financing Activities		
Loan proceeds	500,000	-
Repayment of loans	(100,000)	(255,000)
Loan issue costs	(30,000)	-
Securities issued for cash	1,533,917	3,229,800
Royalty units issued for cash	-	210,700
Share subscriptions received in advance	96,920	-
Share issuance costs	(99,100)	(322,747)
Repurchase of treasury shares	-	(245,000)
Cash Provided by Financing Activities	1,901,737	2,617,753
Change in cash for the Year	(193,393)	578,391
Cash, Beginning of Year	580,510	2,119
Cash, End of Year	387,117	580,510
Supplemental disclosure:		
Cash paid for interest	30,438	37,659
Supplemental disclosure of non-cash financial and investing activities:		
Fair value of warrants issued to lender	105,387	-
Fair value of common shares issued to lender	46,667	-
Fair value of broker warrants	33,210	242,126
Expiry of stock options	70,118	66,280
Exploration and evaluation assets included in accounts payable and accrued liabilities	61,693	251,913
Shares issued for property	37,400	-
Flow through share premium	136,667	-
Loan interest accrued	27,397	-
Share subscriptions receivable	(100,000)	-

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.

Notes to the Financial Statements
For the Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Maritime Resources Corp. (the “Company” or “Maritime”) was incorporated under the *Business Corporations Act* (British Columbia) on May 14, 2007. The principal activities of the Company are the exploration of resource properties in Green Bay, Newfoundland and Labrador, Canada. The Company is considered to be in the exploration stage.

The address of the Company’s corporate office and principal place of business is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value and for cash flow information.

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

MARITIME RESOURCES CORP.

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Judgement:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Royalty reserve - Royalty reserve includes proceeds received from royalty units, repayable from future production. As future production is not determinable, the royalty units have been classified as capital in nature.

Estimates:

Valuation of share-based payments, agent compensation and finders' warrants – The Company uses the Black-Scholes Pricing Model for valuation of *share*-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

MARITIME RESOURCES CORP.

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

(c) Cash

Cash includes cash and short-term money market instruments that are readily convertible to cash with original terms of three months or less. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

(d) Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

Upon completion of a technical feasibility study and when commercial viability is demonstrated and an impairment test is performed, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development costs are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

MARITIME RESOURCES CORP.

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(g) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MARITIME RESOURCES CORP.

Notes to the Financial Statements
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(Expressed in Canadian Dollars)

(i) Financial assets

Financial assets are classified into one of the following categories. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

a. Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

b. Available-for-sale investments ("AFS")

Short-term investments and other assets held not otherwise designated, are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive loss is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

c. Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are held to maturity, and are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

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d. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, and loans.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and

MARITIME RESOURCES CORP.

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For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

accrued liabilities. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(h) Income taxes

Deferred tax assets and liabilities are recognized for the future 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 substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(j) Flow-through shares, unit offerings, royalty units and treasury shares

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of the share
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

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Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to the flow-through tax premium, if any and thereafter to warrants.

Royalty units are recorded as reserves based on their fair value (amounts received). Treasury shares (repurchased shares) are valued at the cost paid to repurchase until sold. As they are no longer considered outstanding, they are excluded from the weighted average number of shares outstanding in calculating the loss per share.

(k) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(l) Segmented information

The Company has one operating segment, mineral exploration and development, and operates in one geographical segment, being Canada.

(m) New accounting standards

The adoption of the following IFRS standards and amendments to existing standards effective January 1, 2017 did not have an effect on the Company's financial statements:

- IAS 7, "Statement of Cash Flows": is effective for annual periods beginning on or after January 1, 2017,

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- IAS 12, "Income Taxes" (amended standard): is effective for annual periods beginning on or after January 1, 2017.

(n) New accounting standards not yet adopted

IFRS 2, "Share-based payment" (amended standard) is effective for annual periods beginning on or after January 1, 2018.

IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

The Company expects the above standards will result in increased disclosure.

IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of this new and amended standard on its financial statements.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) as loans and receivables; and accounts payable and accrued liabilities and loans as other financial liabilities.

The carrying values of cash, receivables, accounts payable and loans approximate their fair values due to the short-term maturity of these financial instruments.

5. FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk (Note 1).

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(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(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 or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

6. CASH

	December 31, 2017	December 31, 2016
	(\$)	(\$)
Cash	387,117	580,510

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7. EXPLORATION AND EVALUATION ASSETS

Green Bay:

During 2010, the Company acquired a 50% interest in the Green Bay mineral property located in central Newfoundland, and in 2011 acquired the remaining 50% interest, such that the Company has a 100% interest in the property, subject to a 2% net smelter return (“NSR”) royalty on future production from the property with the exception of production from the Orion deposit.

Whisker Valley:

On February 27, 2017, the Company entered into an agreement to acquire a 100% interest in the Whisker Valley (“Whisker”) property in Newfoundland, Canada, under the following terms:

	Cash Payments	Shares in the capital of the Company	Minimum exploration expenditures on the property
	(\$)	(#)	(\$)
22-Mar-17 Upon approval (paid)	25,000	100,000 (issued March 23, 2017)	Nil
22-Mar-18 Year 1 anniversary	20,000*	150,000 (issued March 21, 2018)*	100,000 (incurred)*
22-Mar-19 Year 2 anniversary	30,000	200,000	250,000
22-Mar-20 Year 3 anniversary	50,000	250,000	300,000
22-Mar-21 Year 4 anniversary	75,000	300,000	500,000
22-Mar-22 Year 5 anniversary	100,000	500,000	500,000
	300,000	1,500,000	1,650,000

* see Note 15

The Company is required to make an additional payment to the optionors of \$50,000 on each of the first, second and third anniversary of the final option payment.

The property is subject to a 2.5 % NSR, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commercial production.

On November 16, 2017, the Company further expanded the Whisker Valley project by entering into an agreement to acquire 100% interest in the El Strato property in Newfoundland, Canada (contiguous to Whisker), under the following terms:

	Option payment	Shares in the capital of the Company
	(\$)	(#)
Upon approval (paid)	5,000	250,000 (Issued November 27, 2017)
Year 1 anniversary	10,000	250,000
Year 2 anniversary	25,000	250,000
	40,000	750,000

On December 1, 2017, the Company also added to the Whisker Valley land package by entering into an agreement to acquire 100% interest in the Strugglers Pond property in Newfoundland, Canada (contiguous to Whisker), under the following terms:

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Both the EI Strato and Strugglers Pond properties are subject to separate 2% NSR royalties, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commercial production.

	Cash Payments	Shares in the capital of the Company	Minimum exploration expenditures on the property
	(\$)	(#)	(\$)
Upon approval (paid)	2,000	10,000 (issued December 27, 2017)	5,000 (incurred)
Year 1 anniversary	3,000	15,000	25,000
Year 2 anniversary	10,000	25,000	50,000
Year 3 anniversary	15,000	50,000	120,000
	30,000	100,000	200,000

Expenditures incurred on the Company's 100% owned Green Bay Property and the Whisker Valley Property, during the years ended December 31, 2017 and December 31, 2016, follow:

	Green Bay	Whisker Valley	Total
	(\$)	(\$)	(\$)
Balance, December 31, 2015	4,924,533	-	4,924,533
Exploration costs:			
Drilling	4,875	-	4,875
Geology and engineering	562,135	-	562,135
Geochemistry	69,788	-	69,788
Property	95,124	-	95,124
Geophysics	162,562	-	162,562
Other	7,348	-	7,348
Net additions	901,832	-	901,832
Balance, December 31, 2016	5,826,365	-	5,826,365
Additions during the year			
Acquisition costs - cash	-	32,000	32,000
Acquisition costs - shares	-	37,400	37,400
Exploration costs:			
Geology and engineering	461,941	145,068	607,009
Geochemistry	10,776	-	10,776
Property	65,325	4,280	69,605
Geophysics	42,098	-	42,098
Other	8,728	-	8,728
	588,868	218,748	807,616
Less:			
Recoveries & Grants	(164,377)	-	(164,377)
Net additions	424,491	218,748	643,239
Balance at December 31, 2017	6,250,856	218,748	6,469,604

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Recoveries and Grants:

- On April 24, 2017 the Company received \$129,705 pursuant to an application made with the Newfoundland and Labrador government in respect of Newfoundland and Labrador Incentive Junior Exploration Assistance Program ("JEAP") grant for exploration conducted during 2016.
- On August 28, 2017, the Company received \$34,672 from the Government of Newfoundland and Labrador in respect of assessment work completed on certain minerals claims.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	December 31, 2016
	(\$)	(\$)
Accounts payable	71,460	253,046
Accrued liabilities	30,000	17,780
Interest payable (1)	27,397	20,438
Due to related parties (note 13)	21,585	116,879
	150,442	408,143

(1) Included in interest payable at December 31, 2017 is \$nil (December 31, 2016: \$20,438) due to related parties (Note 13(b))

9. LOANS

2014 Loan:

Pursuant to a loan of \$100,000 that bore interest at 8% per annum, the Company had accrued interest of \$30,438 (December 31, 2016: \$20,438) owing to the lender (Note 13). On December 31, 2017, \$100,000, and interest of \$30,438 was repaid.

2017 Loan:

On April 25, 2017, the Company entered into a loan arrangement ("Bridge Financing Agreement") pursuant to which it received \$500,000. The Bridge Financing Agreement, which was approved by the TSX Venture Exchange ("TSX-V") on April 26, 2017, provides for a maturity date of one year (the "Maturity Date"), bears interest of 8% per annum and is repayable upon earliest of: the maturity date, raising \$2,000,000 or more in equity or debt financing, or committing an event of default. In connection with the Bridge Financing Agreement, the lender received a bonus of 333,333 shares in the capital of the Company valued at \$46,667, non-transferable warrants valued at \$105,387 allowing for the purchase of up to, in the aggregate, 1,666,666 additional common shares in the capital of the Company at \$0.15 per share until April 26, 2018 and cash finders fees of \$30,000. At December 31, 2017, the Company has accrued interest of \$27,397. The effective interest rate, including bonus shares and warrants is 44%.

Interest accrued on the loans is included in accounts payable.

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	2017 Loan	2014 Loan
Balance, December 31, 2015	-	325,000
Repayment	-	(225,000)
Balance, December 31, 2016	-	100,000 ⁽¹⁾
Additions	500,000	-
Bonus shares	(46,667)	-
Warrants	(105,387)	-
Finders Fees	(30,000)	-
Loan (net of transaction costs)	317,946	100,000
Accretion	124,694	-
Repayment	-	(100,000)
Balance, December 31, 2017	\$ 442,640	\$ -

(1) \$100,000 provided by a party related to the Company

10. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital and promissory notes to fund operations, and the identification and evaluation of exploration assets. Although the Company has been successful at raising funds in the past through issuance of common shares, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to any externally imposed capital restrictions other than disclosed in Note 9.

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

- **Offerings**

During Fiscal 2017:

Private Placements:

- Pursuant to a private placement on September 25, 2017, the Company issued

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8,034,167 non-flow-through units ("NFT Units") at \$0.10 per unit, 1,483,334 flow-through units ("FT Units") at \$0.15 per unit, for gross proceeds of \$1,025,917 of which \$100,000 is receivable at year end.

Each FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant (the "FT Warrant"). Each whole FT Warrant will entitle the holder to purchase one common share of the Company (the "FT Warrant Share") at a price of \$0.20 per FT Warrant Share expiring March 22, 2019.

The flow-through shares were issued at a premium of \$74,167 to that of the non flow-through shares,

Each NFT Unit consisted of one non flow-through common share of the Company and one-half of one common share purchase warrant (the "NFT Warrant"). Each whole NFT Warrant will entitle the holder thereof to purchase one common share of the Company (the "NFT Warrant Share") at a price of \$0.20 per NFT Warrant Share for expiring March 22, 2019.

In connection with this private placement, finders' fees of \$72,850 were paid and 500,333 NFT Finder's Warrants were issued. The warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per Warrant Share expiring March 22, 2019. The warrants were valued at \$26,751 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.58%, expected life of 1.5 years, expected volatility of 113.03% and dividend yield of 0%.

- On December 22, 2017, pursuant to a private placement, and the Company issued 3,125,000 FT Units at \$0.12 per unit and 2,330,000 NFT Units at \$0.10 per unit for proceeds of \$608,000.

Each FT Unit consisted of one FT common share and one-half of FT Warrant. Each whole FT Warrant will entitle the holder to purchase one FT Warrant Share at a price of \$0.20 per FT Warrant Share expiring June 22, 2019.

Each NFT Unit consisted of one non flow-through common share of the Company and one-half of one NFT Warrant. Each whole NFT Warrant will entitle the holder to purchase one NFT Warrant Share at a price of \$0.20 per NFT Warrant Share for expiring June 22, 2019.

The flow-through shares were issued at a premium of \$62,500 to that of the non flow-through shares,

In connection with this private placement, finders' fees of \$26,250 were paid and 218,750 NFT Finder's Warrants were issued. The warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per Warrant Share expiring June 22, 2019. The warrants were valued at \$6,459 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.78%, expected life of 1.5 years, expected volatility of 113.71% and dividend yield of 0%.

- As at December 31, 2017, the company recorded \$96,920 (2016: \$Nil) for subscription funds received in relation to a private placement that occurred

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subsequent to year end (Note 15).

Loan:

- The Company issued 333,333 shares in connection with the Bridge Financing Agreement (Note 9). The shares were valued at \$46,667.

Exploration and evaluation assets:

- The Company issued 100,000 shares in connection with the Whisker property (Note 7). The shares were valued at \$14,000.
- The Company issued 250,000 shares in in connection with the El Strato property (Note 7). The shares were valued at \$22,500.
- The Company issued 10,000 shares in in connection with the Struggler Pond property (Note 7). The shares were valued at \$900.

During fiscal 2016:

The Company completed three private placements for a total of 23,070,000 units (collectively, the "Offerings"), all with the same terms, by way of non-brokered private placements of units ("Equity Units") As a condition of the Offerings, all participants acquiring Equity Units were provided the option to purchase a streaming royalty ("Royalty Unit") as described below.

The Offerings were comprised of Equity Units at \$0.14 per Equity Unit, with each Equity Unit consisting of one common share and one half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant attached to the Equity Units will entitle the holder to purchase one additional common share at a price of \$0.20 per common share for 36 months following closing.

Finders' fees in cash together with Finder/Broker Warrants ("Finders' Warrants"), which have the same terms as the Warrants attached to the Equity Units, were paid on portions of the placements (note 11(c)).

- **Royalty units**

The purchaser of the Offerings were provided the option to purchase Royalty Units that will return 100% of the original investment made by the purchasers, and is to be paid out of production from the Company's Green Bay project ("Project").

Total royalties payable from the Royalty Units ("Royalty Payment") are capped at an amount equal to the total Equity Units and Royalty Units purchased. Royalty Payments will be made annually beginning on the first anniversary of the date of commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction of all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold.

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During fiscal 2016 the Company issued Royalty Units in conjunction with the Offerings. The Royalty Units had a price of \$0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. The proceeds received in relation to the Royalty Unit has been recorded as a Royalty Reserve within Equity. The likelihood of the Project going into production cannot be determined at this time.

Closings of the Offerings, including Royalty Units, occurred as follows:

	<u>Offering #1</u>	<u>Offering #2</u>	<u>Offering #3</u>	<u>Total</u>
Closing Date	February 12, 2016	April 22, 2016	July 20, 2016	
<u>Offerings:</u>				
Gross Proceeds Received	\$182,000	\$737,800	\$2,310,000	\$3,229,800
Equity Unit Price	\$0.14	\$0.14	\$0.14	
Shares Issued	1,300,000	5,270,000	16,500,000	23,070,000
Warrants Issued	650,000	2,635,000	8,249,998	11,534,998
Warrant Exercise Price	\$0.20	\$0.20	\$0.20	
Warrant Expiry Date	February 12, 2019	April 22, 2019	July 20, 2019	
<u>Royalty Units:</u>				
Gross Proceeds Received	\$ 13,000	\$ 52,700	\$ 145,000	\$ 210,700
Royalty Unit Price	\$0.01	\$0.01	\$0.01	
Royalty Units Issued	1,300,000	5,270,000	14,500,000	21,070,000
Finders' Fees				
Cash	\$16,350	\$58,481	\$247,916	\$322,747
Finders' Warrants (Note 12)	97,500	382,875	1,190,700	1,671,075
Exercise Price	\$0.20	\$0.20	\$0.20	
Expiry Date	February 12, 2019	April 22, 2019	July 20, 2019	

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• **Option and Share Purchase Agreement with Commander**

On February 12, 2015 as amended April 6, 2016, Commander Resources Ltd. ("Commander") and Maritime entered into an option and shares purchase agreement (the "Option and Share Purchase Agreement") pursuant to which Maritime, or its nominees (the "Maritime Group"), has the option to purchase, in stages, a total of 10,000,000 of the 11,440,000 common shares of Maritime owned by Commander; should Maritime elect to acquire any of the shares, that acquisition will be subject to regulatory approval. Maritime and Commander also entered into a voting trust agreement (the "Voting Trust Agreement"), whereby Commander will vote its remaining shares with management of the Company for the duration of the Option and Share Purchase Agreement. Any shares not purchased pursuant to the terms of the Option and Share Purchase Agreement, as amended, will automatically be released from the provisions of the Voting Trust Agreement.

Pursuant to the amended Option and Share Purchase Agreement, Maritime will identify third parties to purchase shares as follows:

- **Tranche 1:** 2,000,000 shares at a price of \$0.18 per share on or before February 28, 2015 (completed).
- **Tranche 2:** 2,000,000 shares at a price of \$0.14 per share; 1,000,000 on or before April 30, 2016 (completed) and 1,000,000 on or before August 31, 2016 (completed by the Company included in treasury shares).
- **Tranche 3:** Up to 2,000,000 shares @ \$0.21 per share on or before August 31, 2016 (500,000 purchased by the Company – included in treasury shares ⁽²⁾).
- **Tranche 4:** Up to 2,000,000 shares, plus any carry forward shares⁽²⁾, at a price of \$0.25 per share ⁽¹⁾ between August 31, 2016 and February 28, 2017. Tranche has not yet been completed and therefore 3,500,000 shares (2,000,000 Tranche 4 shares and 1,500,000 Tranche 3 carry forward shares) are no longer subject to the Option and Share Purchase Agreement.⁽³⁾
- **Tranche 5:** Up to 2,000,000 at a price of \$0.30 ⁽¹⁾ between February 28, 2017 and August 31, 2017⁽³⁾. Tranche has not yet been completed and therefore 5,500,000 shares (2,000,000 Tranche 5 shares, 2,000,000 Tranche 4 shares and 1,500,000 Tranche 3 carry forward shares) are no longer subject to the Option and Share Purchase Agreement.⁽³⁾

(1) Prices are subject to price fluctuation, being the greater of the option price and 85% of the volume weighted average price of the common shares for the 10 trading days prior to the applicable option exercise date.

(2) Any shares not purchased in a particular tranche are carried forward to the next tranche, under the terms of the new tranche, subject to a minimum of 500,000 shares were repurchased in original tranche. Carry forward can only occur once per option.

(3) The Company is not negotiating with Commander to extend the terms of the Option and Share Purchase Agreement.

On August 31, 2016, the Company completed the purchase of a total of 1,500,000 shares at a total cost of \$245,000 (1,000,000 shares at \$0.14 per share; 500,000 shares at \$0.21 per share). The treasury shares remain outstanding at December 31, 2017.

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(c) Stock options

The Company has a “rolling” stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX-V and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.

A summary of the Company's stock options as at December 31, 2017 and December 31, 2016 and changes during the years then ended follows:

	Number of Options (#)	Weighted Average (\$)
Outstanding, December 31, 2015	3,505,000	0.178
Granted	2,400,000	0.250
Expired	(400,000)	0.160
Outstanding, December 31, 2016	5,505,000	0.209
Expired	(200,000)	0.175
Expired	(75,000)	0.200
Expired	(25,000)	0.280
Expired	(100,000)	0.150
Expired	(100,000)	0.250
Granted	200,000	0.150
Granted	500,000	0.100
Granted	2,500,000	0.100
Outstanding and exercisable, December 31, 2017	8,205,000	0.169

During the year ended December 31, 2017 the Company granted 3,200,000 (2016: 2,400,000) stock options to consultants, officers and employees of the Company, of which 3,200,000 (2016: 2,400,000) vest immediately. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$239,912 (2016: \$266,367) or \$0.07 per option (2016: \$0.11). Share based payments recognized during the year was \$239,912 (2016: \$275,973), \$70,118 (2016: \$66,280) of share-based payments expired during the year resulting in a reversal from reserves to deficit.

The Company has estimated the forfeiture rate to be 0.00%. Expected volatility was determined based on the historical movements in the closing price of the Company's, or comparable companies', stocks for a length of time to the expected life of each option.

The following weighted average assumptions were used for the Black-Scholes option pricing model for options granted as follows:

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	2017	2016
Risk-free interest rate	1.57%	0.59%
Expected dividend yield	Nil	Nil
Expected stock price volatility	114%	120%
Expected option life in years	5	5

As at December 31, 2017, stock options outstanding were as follows:

Number of Options Outstanding (#)	Number of Options Exercisable (#)	Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
425,000	425,000	0.200	21-Jan-18		
395,000	395,000	0.280	29-May-19		
200,000	200,000	0.150	15-Oct-19		
1,685,000	1,685,000	0.150	13-Nov-20		
2,300,000	2,300,000	0.250	29-Jul-21		
200,000	200,000	0.150	26-Apr-22		
500,000	500,000	0.100	4-Dec-22		
2,500,000	2,500,000	0.100	15-Dec-22		
8,205,000	8,205,000			3.62	0.169

12. WARRANTS

During the year ended December 31, 2017 the Company valued warrants using the following Black-Scholes option pricing weighted average assumptions:

	2017	2016
Risk-free interest rate	1.13%	0.46%
Expected dividend yield	Nil	Nil
Expected stock price volatility	122.2%	119.18%
Expected option life in years	1.88	3

During the year ended December 31, 2016, the Company in connection with the Offerings, issued 11,543,998 Warrants allowing for the purchase of one common share per Warrant. The Warrants entitle the holder to purchase one common share at a price of \$0.20, with 650,000 of the Warrants expiring on February 12, 2019, 2,635,000 expiring on April 22, 2019; and 8,249,998 expiring on July 20, 2019. The Company also issued 1,671,075 Finders' Warrants having the same terms as the Warrants, which Finders' Warrants were valued at \$242,126 using the Black-Scholes model.

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A summary of the status of the Warrants as at December 31, 2017 and December 31, 2016 follows:

	Number of Warrants	Amount	Expiry Date	Weighted Average Price
	(#)	(\$)		(\$)
- Offering #1	650,000	-	12-Feb-19	0.20
- Offering #1 - Finders' warrants	97,500	10,166	12-Feb-19	0.20
- Offering #2	2,635,000	-	22-Apr-19	0.20
- Offering #2 - Finders' warrants	382,875	54,194	22-Apr-19	0.20
- Offering #3	8,249,998	-	20-Jul-19	0.20
- Offering #3 - Finders' warrants	1,190,700	177,766	20-Jul-19	0.20
Outstanding and exercisable at December 31, 2016	13,206,073	242,126		0.20
Warrants	1,666,666	105,387	26-Apr-18	0.15
Warrants	4,758,751	-	22-Mar-19	0.20
Warrants	2,727,500	-	22-Jun-19	0.20
Finders' warrants	500,333	26,751	22-Mar-19	0.20
Finders' warrants	218,750	6,459	22-Jun-19	0.20
Outstanding and exercisable at December 31, 2017	23,078,073	380,723		0.20

13. RELATED PARTY TRANSACTIONS

(a) Services

- i) Effective July 1, 2014 the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. For the years ended December 31, 2017 and 2016, the Company was charged to reimburse office and administrative costs as follows:

	2017	2016
Rent	\$ 129,444	\$ 71,865
Office administration	37,266	18,413
	\$ 166,710	\$ 90,278

At December 31, 2017, the Company has \$15,358 included in prepaids (2016: \$359 payable) to AESC.

(b) Loans

In respect of the 2014 Notes (Note 9), as at December 31, 2017 the Company owed interest of \$Nil (2016: \$20,438) and principal of \$Nil (2016: \$100,000) to related party. On December 31, 2017, \$100,000, and interest of \$30,438 was repaid.

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(c) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Consulting	\$ 368,000	\$ 313,946
Contract wages ⁽¹⁾	35,000	87,500
Directors' fees	27,000	66,000
Geological consulting ⁽²⁾	274,900	105,000
Share-based payments	190,513	183,024
	\$ 895,413	\$ 755,470

(1) Included in Administration on the Statement of Loss and Comprehensive Loss

(2) Included in Geology and Report Writing within Exploration and Evaluation Assets

At December 31, 2017, the Company advanced \$20,750 (2016: \$Nil) to the CEO and a director of the Company and is included in prepaids at December 31, 2017.

At December 31, 2017, the Company owed \$8,085 (2016: \$320) to an officer and former director of the Company.

At December 31, 2017, included in accounts payable is \$13,500 (2016: \$Nil), owing to a director of the Company, owed \$Nil (2016: \$115,000) in accrued directors fees and owed \$Nil (2016: \$1,059) to a director of the Company.

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14. INCOME TAX

	2017		2016	
Loss for the year	\$	(1,514,858)	\$	(1,387,632)
Expected income tax (recovery)	\$	(394,000)	\$	(361,000)
Change in statutory, foreign tax, foreign exchange rates and other		(56,000)		-
Permanent differences		-		76,000
Impact of flow through share		83,000		-
Share issue cost		(26,000)		(84,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		(1,000)		(4,000)
Change in unrecognized deductible temporary		394,000		373,000
Total income tax expense (recovery)	\$	-	\$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2017		2016	
Deferred tax assets (liabilities)				
Exploration and evaluation assets	\$	(307,000)	\$	(292,000)
Share issue costs		76,000		71,000
Debt with accretion		15,000		-
Non-capital losses available for future period		1,316,000		927,000
		1,100,000		706,000
Unrecognized deferred tax assets		(1,100,000)		(706,000)
Net deferred tax assets	\$	-	\$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2017	Expiry Date Range	2016	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ (1,240,000)	No expiry date	\$ (1,164,000)	No expiry date
Investment tax credit	38,000	2033 to 2037	14,000	2017 to 2033
Share issue costs	281,000	2018 to 2021	275,000	2017 to 2020
Debt with accretion	57,000	No expiry date	-	No expiry date
Non-capital losses available for future periods	4,874,000	2028 to 2037	3,564,000	2017 to 2036

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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15. SUBSEQUENT EVENTS

On April 13, 2018, Anaconda Mining Inc. ("Anaconda") made a formal unsolicited offer to the Company and its shareholders, to acquire all of the issued and outstanding shares of the Company. The offer contemplates the exchange of one common share of the Company for consideration of 0.390 of a common share in Anaconda. The offer will be open for acceptance until July 27, 2018. The Company has engaged legal counsel and financial advisors to evaluate Anaconda's offer as well as consider other strategic alternatives.

On March 26, 2018, \$500,000, including interest of \$36,712 was repaid for the outstanding 2017 Loan (Note 9).

On March 26, 2018, the Company closed its private placement, and issued 5,300,000 NFT units, for proceeds of \$530,000. Finders fees of \$35,000 were paid and 350,000 finder warrants were issued. All Warrants and finder warrants issued are exercisable until September 21, 2019.

On March 21, 2018 the Company issued 150,000 shares in connection with the Whisker property and made the required cash payment of \$20,000 on April 5, 2018. The shares were valued at \$16,500 (Note 7). In addition, the Company has incurred the minimum \$100,000 in exploration expenditures on the property.

On February 15, 2018, the Company closed its third tranche of a private placement and issued 250,000 FT Units and 2,478,340 NFT Units for proceeds of \$277,834. Each unit consists of one FT or NFT share and one-half of one common share purchase warrant. Finders fees of \$8,400 were paid and 488,480 finder shares and 580,646 finder warrants were issued. All Warrants and finder warrants issued are exercisable until August 15, 2019.

On January 11, 2018, the Company closed its second tranche of a private placement and issued 666,000 FT Units and 2,470,000 NFT Units for proceeds of \$326,920 of which \$96,920 was received in advance. Each unit consists of one FT or NFT share and one-half of one common share purchase warrant. All Warrants issued are exercisable until July 11, 2019.