Colorado Resources Ltd.

COLORADO RESOURCES LTD.

(An Exploration Stage Company)

Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

COLORADO RESOURCES LTD.
(An Exploration Stage Company)
March 31, 2017 and 2016
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF COLORADO RESOURCES LTD.

We have audited the accompanying consolidated financial statements of Colorado Resources Ltd., which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated 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 Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 21, 2017

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COLORADO RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31

(Expressed in Canadian Dollars)

	Note		2017		2016
Assets					
Current					
Cash and cash equivalents	5	$	6,526,033	$	2,197,728
Receivables	6		483,623		70,798
Prepaids and advances	17		47,262		241,540
Assets held for sale	7		-		201,753
Available-for-sale investments	8		336,000		159,375
Total current assets			7,392,918		2,871,194
Non-current					
Reclamation deposits	9		141,000		116,000
Property, plant and equipment	10		24,611		3,918
Exploration and evaluation assets	7,11, 14		13,501,447		8,983,181
Total non-current assets			13,667,058		9,103,099
Total Assets		$	21,059,976	$	11,974,293
Liabilities and Shareholders' Equity					
Current					
Trade and other payables	12,17	$	173,357	$	168,550
Other liabilities	13		540,077		86,169
Total current liabilities			713,434		254,719
Shareholders' equity					
Share capital	14		32,331,488		23,542,273
Contributed surplus	14,15		4,951,793		3,024,750
Accumulated other comprehensive income			21,000		37,500
Accumulated deficit			(16,957,739)		(14,884,949)
Total shareholders' equity			20,346,542		11,719,574
Total Liabilities and Shareholders' Equity		$	21,059,976	$	11,974,293

Signed on behalf of the Board of Directors by:

"Adam Travis" Director — Adam Travis

"Lawrence Nagy" Director — Lawrence Nagy

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

COLORADO RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended March 31

(Expressed in Canadian Dollars)

	Note		2017		2016
Expenses					
Administrative and general	16,17	$	1,091,301	$	734,474
Depreciation	10		9,043		12,355
Directors fees			12,500		25,000
Pre-exploration expenditures			194,587		34,512
Loss on foreign exchange			6,206		5,148
Share-based payments	15		446,733		191,671
Total expenses			(1,760,370)		(1,003,160)
Other income (expenses)					
Interest income			30,562		32,980
Interest expense			-		(3,700)
Management fees received	11		75,124		32,720
Other income	13		188,094		7,581
Gain on settlement of debt	8		105,000		-
Loss on sale of available-for-sale investments	8		(31,064)		-
Gain on sale of exploration and evaluation assets	7,11		528,534		-
Write-down on exploration and evaluation assets	11		(1,208,670)		-
Net loss for the year		$	(2,072,790)	$	(933,579)
Other comprehensive loss					
Items that may be recycled through profit and loss:					
Fair value (loss) gain on available-for-sale investments	8		(16,500)		37,500
Loss and Comprehensive loss for the year		$	(2,089,290)	$	(896,079)
Loss per common share basic and diluted	20	$	(0.03)	$	(0.02)

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

COLORADO RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended March 31

	Note		Share Capital Amount		Contributed Surplus		Accumulated Other Comprehensive Income		Accumulated Deficit		Total
Balance, March 31, 2015		$	22,707,775	$	2,833,079	$	-	$	(13,951,370)	$	11,589,484
Loss for the year			-		-		-		(933,579)		(933,579)
Shares issued for cash	14		1,014,050		-		-		-		1,014,050
Share issuance costs	14		(85,802)		-		-		-		(85,802)
Flow-through share premium	13		(93,750)		-		-		-		(93,750)
Share-based payments	15		-		191,671		-		-		191,671
Available-for-sale investment	8		-		-		37,500		-		37,500
Balance March 31, 2016		$	23,542,273	$	3,024,750	$	37,500	$	(14,884,949)	$	11,719,574
Loss for the year			-		-		-		(2,072,790)		(2,072,790)
Shares issued for exploration and evaluation assets	11,14		891,500		-		-		-		891,500
Shares issued for cash	14		10,221,856		-		-		-		10,221,856
Fair value of options exercised	14		73,387		(73,387)		-		-		-
Fair value of agents warrants	14		-		94,385		-		-		94,385
Share issuance costs	14		(586,945)		-		-		-		(586,945)
Flow-through share premium	13,14		(1,810,583)		-		-		-		(1,810,583)
Share-based payments	15		-		446,733		-		-		446,733
Fair value of warrants			-		1,459,312		-		-		1,459,312
Available-for-sale-investment	8		-		-		(16,500)		-		(16,500)
Balance, March 31, 2017		**$**	**32,331,488**	**$**	**4,951,793**	**$**	**21,000**	**$**	**(16,957,739)**	**$**	**20,346,542**

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

COLORADO RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended March 31
(Expressed in Canadian Dollars)

	Note		2017		2016
Cash flows from operating activities					
Loss for the year	20	$	(2,072,790)	$	(933,579)
Adjustments to reconcile income (loss) to net cash used in operating activities					
Depreciation	10		9,043		12,355
Share-based payments	15		446,733		191,671
Gain on sale of assets-held-for-sale	7		(525,131)		-
Gain on sale of assets			(1,650)		
Loss on sale of available-for-sale-investments	8		31,064		-
Gain on settlement of debt			(105,000)		-
Other income	13		(188,094)		(7,581)
Write-down of exploration and evaluation assets	11		1,208,670		-
Changes in non-cash working capital balances:					
Receivables	6		13,489		512,728
Trade and other payables	12, 22		(69,239)		63,128
Prepaid and advances			(15,722)		1,293
Total cash outflows from operating activities			(1,268,627)		(159,985)
Cash flows from investing activities					
Proceeds from the disposition of exploration and evaluation assets	7,11		175,884		-
Proceeds from the sale of available-for-sale-investments	8		646,369		-
Purchase of reclamation deposits	9		(25,000)		-
Purchase of property, plant and equipment	10		(29,736)		-
Resource property expenditures, *net of recoveries*	7,11,14		(4,899,881)		(724,552)
Total cash outflows from investing activities			(4,132,364)		(724,552)
Cash flows from financing activities					
Exercise of options	14		117,500		-
Exercise of warrants	14		746,350		-
Shares issued for private placement	14		9,358,006		1,014,050
Share issuance costs	14		(492,560)		(85,802)
Total cash inflow provided by financing activities			9,729,296		928,248
Increase in cash during the year			4,328,305		43,711
Cash and cash equivalents beginning of year			2,197,728		2,154,017
Cash and cash equivalents end of year		$	6,526,033	$	2,197,728
Composition of cash and cash equivalents					
Cash		$	5,503,033	$	574,728
Cash equivalents			1,023,000		1,623,000
Cash and cash equivalents, end of the year		$	6,526,033	$	2,197,728

See Note 22 for Supplemental Cash Flow Information

1. CORPORATION INFORMATION

Colorado Resources Ltd. (the "Company") was incorporated on October 9, 2009 under the *Business Corporations Act* (British Columbia). The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. The Company's principal properties are located in British Columbia and Nevada.

The Company is listed on the TSX Venture Exchange (the "Exchange"), having the symbol CXO.V as a Tier 2 issuer and its corporate office and principal place of business are located at 110 – 2300 Carrington Road, West Kelowna, B.C. V4T 2N6

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on July 21, 2017.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Continuance of Operations

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. The Company currently has sufficient cash resources and working capital for the next 12 months and has working capital of $6,679,484 (2016 - $2,616,475). The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of the following subsidiaries:

	% of Ownership	Jurisdiction	Principal Activity
Colorado Gold S.A. de C.V. ("Colorado Gold")	100%	Mexico	Inactive
Colorado Exploration Inc.	100%	USA	Exploration

A subsidiary is an entity that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Foreign Currency Transactions

The functional and presentation currency of the parent company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value and are reported at the exchange rate at the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Cash and Cash Equivalents

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

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

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

When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs and exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure and acquisition costs, in excess of estimated recoveries, are written off to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral Exploration and Evaluation Expenditures (cont'd)

Acquisition Costs (cont'd)

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

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

Farm-Out Arrangements

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

Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major Maintenance and Repairs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

Depreciation

Depreciation is recognized in profit or loss and is provided at the following annual rates:

	Percentage
Field equipment	30%
Furniture and fixtures	20%
Office equipment	30%
Vehicles	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when 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.

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

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

Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade-date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Receivables net of sales tax receivable are included in this category.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial Assets (cont'd)

Available-for-Sale Investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. Available–for-sale investments are included in this category.

Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity. Financial assets classified as held-to-maturity are measured at amortized cost using the effective interest method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets. The Company has no financial assets classified as held to maturity at March 31, 2017 and 2016.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when 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 if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash and cash equivalents are included in this category.

Financial Liabilities

The Company classifies its financial liabilities in the following categories: FVTPL and other financial liabilities.

FVTPL

Financial liabilities at FVTPL are initially recognized at fair value with changes in fair value recorded through profit or loss. The Company does not have any financial liabilities at FVTPL at March 31, 2017 and 2016.

Other Financial Liabilities

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

the liability is outstanding. Trade and other payables are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

Provisions

Provisions are recognized as liabilities 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 obligation estimated at the end of each reporting period, 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.

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities, include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. As at March 31, 2017 and 2016, the Company had no known rehabilitation provisions.

Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share into i) share capital, ii) warrants and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. Warrants issued as part of the flow-through financings are measured at fair value using the Black-Scholes option pricing model.

Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in Note 13.

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 as a financial expense until paid.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes (cont'd)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

Contributed Surplus

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

Share-based Payments

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Dividend yield

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxes Recoverable

Mineral Tax Credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

Recent and Future Accounting Pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to annual periods beginning on or after January 1, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Future Accounting Pronouncement (cont'd)

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.
This standard is applicable to annual periods beginning on or after January 1, 2018.

Applicable to annual periods beginning on or after January 1, 2017.

- *Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)*
  The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes*)
  The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, indicators of impairment are identified suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Income Taxes

The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Impairment of Available-for-Sale Investments

Management assesses at the end of each reporting period whether there had been any other-than-temporary impairment on its investments, using objective evidence to determine if the marketable securities are impaired. Listed prices on public stock exchanges are used to determine if the fair value is at a significant and prolonged decline below the historical cost of the marketable securities.

At March 31, 2017 and 2016, there were no indications that suggest that the Company's marketable securities are impaired.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require 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 earnings and equity reserves.

Mineral Tax Credit

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgement is applied in determining whether the resource expenditures are eligible for claiming such credits.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgement prove to be inaccurate, management's continued use of the going concern assumptions be inappropriate.

Assets Held for Sale and Discontinued Operations

Judgement is required in determining whether an asset meets the criteria for classification as assets held for sale and or as discontinued operations in the consolidated financial statements. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying amount and fair value less costs to sell. Management has evaluated the expected fair value less costs to sell and determine that it is higher than the carrying value, based on an offer to purchase the asset. On completion of the sale, management exercised judgement as to whether the sale qualifies as a discontinued operation based on geographic location and line of business. If management's judgement proved to be inaccurate the consolidated financial statement could be materially different.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in guaranteed investment certificates with maturity dates ranging from June 12, 2017 to March 9, 2018 with interest rates of 2.1%.

6. RECEIVABLES

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

	March 31 2017	March 31 2016
Sales taxes receivable	$ 25,209	$ 9,378
British Columbia mining tax credits	426,314	45,617
Other - Note 17	32,100	15,803
	$ 483,623	$ 70,798

The British Columbia mining tax credits ("BCMET") receivable represent a refund claim applied for on exploration expenditures incurred in British Columbia pursuant to the *British Columbia Minerals Tax Act.*

(Expressed in Canadian Dollars)

7. ASSETS HELD FOR SALE

On April 8, 2016, the Company entered into a property acquisition agreement, subsequently amended on April 29, 2016 (collectively the "Agreement") with a third party private company (the "Purchaser") for the sale of its 100% interest in certain mineral claims located in the State of Nevada (the "Claims"), subject to the Company retaining a 1% net smelter returns royalty ("NSR"). The Purchaser is entitled to purchase the NSR for a cash payment of $1,000,000.

Pursuant to the terms of the Agreement, among other things, the Purchaser is required to complete a Going Public Transaction (as defined in the policies of the Exchange) on or before June 15, 2016 (the "Resulting Issuer") which was completed on June 7, 2016.

Consideration for the sale of the Claims included the following:

i) a cash payment of $200,000 on or before May 9, 2016 (received); and
ii) the issuance of 400,000 common shares (received) of the Resulting Issuer (the "Consideration Shares") on or before June 22, 2016 (the "Closing Date").

As at June 7, 2016, the Company completed the sale of the Claims for cash and Consideration Shares as follows:

Balance as at March 31, 2015	$ -
Transfers from exploration and evaluation assets	201,753
Balance as at March 31, 2016	201,753
Cash consideration	(200,000)
Consideration Shares	(556,000)
Transaction costs	29,116
Gain on sale of exploration and evaluation assets as at March 31, 2017	**$ (525,131)**

8. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consist of an investment in 4,200,000 Damara Gold Corp. ("Damara") pursuant to the settlement of an advance receivable from Damara (See Note 17). The fair value of the available-for-sale investments has been determined by reference to published price quotations in an active market, a Level 1 valuation. During the year ended March 31, 2017, the Company recorded $21,000 as an unrealized gain (2016 - $37,500) on investment on marketable securities that was recognized in other comprehensive income.

During the year ended March 31, 2017, Company sold the 400,000 shares of American Lithium Corp. for net proceeds of $123,609 and recorded a loss on the sale of available-for-sale-investment of $422,574 (2016 – $nil).

During the year ended March 31, 2017, the Company sold its investment of 1,875,000 shares of SnipGold Corporation ("SnipGold") for net proceeds of $522,760 and recorded a gain on the sale of available-for-sale-investment of $391,510 (2016 – $nil).

9. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Hit, North ROK, Heart Peaks and KSP properties. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia.

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Vehicle	Furniture & Fixtures	Office Equipment	Field Equipment	Total
Cost					
Balance March 31, 2015	$10,528	$11,871	$44,242	$260,737	$327,378
Assets acquired	-	-	-	-	-
Balance March 31, 2016	10,528	11,871	44,242	260,737	327,378
Assets acquired		1,016	11,256	17,464	29,736
Balance March 31, 2017	$10,528	$12,887	$55,498	$278,201	$357,114
Depreciation					
Balance March 31, 2015	$7,987	$8,587	$37,479	$257,052	$311,105
Depreciation for the year	2,541	2,196	4,576	3,042	12,355
Balance March 31, 2016	10,528	10,783	42,055	260,094	323,460
Depreciation for the year	-	1,136	3,388	4,519	9,043
Balance March 31, 2017	**$10,528**	**$11,919**	**$45,443**	**$264,613**	**$332,503**
Carrying amounts					
Balance, March 31, 2016	$-	$1,088	$2,187	$643	$3,918
Balance March 31, 2017	$-	**$968**	**$10,055**	**$13,588**	**$24,611**

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS

	British Columbia							Nevada USA		
	North ROK/ROK-Coyote	KSP	Hit	Heart Peaks	KingPin	Castle	Other	Green Springs	Other	Total
Costs										
Balance at March 31, 2015	$4,854,562	$1,171,473	$1,284,431	$1,194,323	$-	$-	$5,405	$-	$-	$8,510,194
Acquisition costs	754	109,000	183	-	-	-	4,163	-	128,523	242,623
Exploration costs	9,674	275,766	86,345	13,039	-	-	467	-	73,230	458,521
British Columbia Mining Tax Credits	1,828	(20,451)	(6,452)	(1,250)	-	-	(79)	-	-	(26,404)
Reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	(201,753)	(201,753)
Balance at March 31, 2016	$4,866,818	$1,535,788	$1,364,507	$1,206,112	$-	$-	$9,956	$-	$-	$8,983,181
Acquisition costs	614,922	135,250	-	-	136,950	443,309	(4,723)	209,435	-	1,535,143
Exploration costs	12,657	4,110,404	4,820	2,558	89,708	4,020	14,184	383,106	-	4,621,457
Disposal of exploration and evaluation assets	-	-	-	-			(3,350)	-	-	(3,350)
Write-down of exploration and evaluation assets	-	-	-	(1,208,670)	-	-	-	-	-	(1,208,670)
British Columbia Mining Tax Credits	(612)	(423,847)	(9)	-	(1,091)	(755)	-	-	-	(426,314)
Balance at March 31, 2017	**$5,493,785**	**$5,357,595**	**$1,369,318**	**-**	**$225,567**	**$446,574**	**$16,067**	**$592,541**	**$-**	**$13,501,447**

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia

North ROK Property

Colorado holds a 100% interest in 15 mineral tenures forming part of the North ROK Property located in northern British Columbia.

On March 13, 2017, the Company and Firesteel Resources Inc. ("Firesteel") entered into a purchase agreement to acquire a 100% interest in the ROK-Coyote property (the "ROK-Coyote Agreement") which now forms part of the North ROK Property.

Under the terms of the agreement, Colorado acquired a 100% interest in the ROK-Coyote property, subject to underlying 2% NSR agreements to the underlying arm's length and non-arm's length original vendors (the "Original Vendors' NSR") for the following consideration:

- 1,500, 000 units of Colorado ("Consideration Units") to be issued to Firesteel within five days of the TSX Venture Exchange ("Exchange") approval (issued). Each Consideration Unit consists of one common share ("Consideration Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles Firesteel to purchase a further common share at a purchase price of $0.45 per share for a period of 24 months (See note 14). The warrants were measured at fair value using the Black-Scholes option pricing model at $187,422. The following key assumptions used in valuing the warrants:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
17-Mar-17	17-Mar-19	$0.285	$0.45	0.81%	2	104.67%	0%

The Underlying Vendors' NSR includes a 2% NSR agreement with arms-length parties on three claims ("ROK NSR"). The ROK NSR can be extinguished in its entirety for a purchase price of $2,000,000. The Underlying Vendors' NSR also includes an agreement with arm's length and non-arm's length parties for a 2% NSR on 16 claims ("Real McCoy and Coyote NSR") of which 1% of the Real McCoy and Coyote NSR can be purchased for an aggregate $2,000,000. Adam Travis, President and CEO, holds a 50% interest in the Real McCoy & Coyote NSR.

As at March 31, 2017, the Company has incurred $5,493,785 net of BCMET recoveries (2016 - $4,866,818) in acquisition and explorations costs.

KSP Property

On November 6, 2013, the Company and SnipGold entered into a non-binding Letter of Agreement and thereafter on December 19, 2013, the parties formalized an option agreement (the "KSP Option") where Colorado has the right to acquire up to an 80% interest in the southeastern portion of SnipGold's Iskut Property and an adjoining area acquired by Colorado through staking (collectively referred to as the "KSP Property"). The KSP Property is located approximately 15 kilometers to the southeast of the past-producing Snip Mine, British Columbia. On June 21, 2016, Seabridge Gold Inc. ("Seabridge") acquired SnipGold and has assumed all obligations of SnipGold.

Consideration for the KSP Option consists of aggregate cash payments of $500,000 and exploration expenditures of $6,000,000 over a four-year period to earn an initial 51% interest ("Initial Interest") as follows:

Cash payments:

- $50,000 on signing the Letter of Agreement (paid);
- an additional $75,000 on or before the first anniversary of December 19, 2014 (paid);
- an additional $100,000 on or before the second anniversary of December 19, 2015; (paid)
- an additional $125,000 on or before the third anniversary of December 19, 2016; (paid) and
- an additional $150,000 on or before the fourth anniversary of December 19, 2017 (paid *See Events after the Reporting Date, Note 25)*.

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia

KSP Property (cont'd)

Exploration expenditures:

- a minimum $500,000 on or before the first anniversary of December 19, 2014 (completed);
- a minimum $1,000,000 on or before the second anniversary of December 19, 2015 (completed);
- a minimum $2,000,000 on or before the third anniversary of December 19, 2016 (completed); and
- a minimum $2,500,000 on or before the fourth anniversary of December 19, 2017 (completed).

Upon completion of the Initial Interest obligations the Company has 60 days (the "29% Notice Period") to elect to proceed to acquire an additional 29% interest (the "Additional Interest") by incurring further exploration expenditures of $4,000,000 on or before twelve months from the end of the 29% Notice Period.

Colorado and Seabridge following the earlier of: the exercise of the Initial Interest and expiry of the 29% Notice Period; and the exercise of the Additional 29% Option, will form a conventional, participating joint-venture under which should either party dilute their interest below 15%, that party's interest will be reduced to a 1.5% net smelter return royalty ("NSR"), one-half of which can be purchased for $2,000,000.

On February 3, 2014, the Company entered into a purchase agreement with a private individual to acquire a 100% interest in two mineral tenures forming part of the KSP Property for a cash purchase price of $3,000 (paid).

On July 31, 2014, SnipGold (Seabridge) entered into a purchase agreement with a third party to acquire two mineral leases which collectively form part of the KSP Option. Acquisitions costs of $9,000 provided by the Company form part of its exploration expenditures in accordance with terms of the KSP Option.

On December 9, 2014, the Company entered into a purchase agreement ("Snow Purchase") with a private individual (the "Vendor") to acquire a 100% interest in one mineral tenure forming part of the KSP Property for a cash purchase price of $2,500 (paid). The Vendor retained a 2% NSR of which the NSR may be purchased in its entirety for $1,000,000. In accordance with the KSP Option the additional ground shall form part of the KSP Property.

On December 9, 2014, in connection with the Snow Purchase, the Company staked additional ground to acquire an additional mineral tenure and granted a 1% NSR to the Vendor, of which the NSR may be purchased in its entirety for $500,000. In accordance with the KSP Option the additional ground shall form part of the KSP Property.

On December 16, 2014, the Company entered into a sale and purchase agreement with Teck Resources Limited ("Teck") to acquire a mineral tenure for consideration of a 2% NSR and in accordance with the KSP Option shall form part of the KSP Property.

As at March 31, 2017, the Company has incurred $5,357,595 net of BCMET recoveries (2016 - $1,535,788) in acquisition and explorations costs.

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia **(cont'd)**

Hit Property

Colorado holds a 100% interest (subject to certain net smelter return royalties) in mineral tenures located in the Similkameen Mining Division of British Columbia forming the Hit Property, acquired through staking and pursuant to various agreements as follows:

Cazador Option

The Company acquired a 100% interest two mineral tenures on November 2, 2012 pursuant to an option agreement dated November 2, 2009 between the Company and Cazador Resources Ltd. a private company controlled by a director of the Company. Consideration for the acquisition included the issuance of an aggregate 1,680,000 common shares of the Company.

Aspen Option

On April 23, 2012, the Company entered into an option agreement ("Aspen Option") to acquire mineral claims in the Aspen Grove area of south-western British Columbia from the Vendors which form part of the Hit Property. Consideration for the Aspen Option was aggregate cash payments of $135,000 ($60,000 paid) and an aggregate issuance of 575,000 (225,000 issued) common shares over four years. The Vendors also retained a 2.5% NSR of which 2% of the NSR may be purchased for $4,000,000.

On January 13, 2014, the parties amended the Aspen Option to include four additional mineral tenures staked by the Vendors for staking fees of $694.

On October 24, 2014, the Company and the Vendors amended the terms of the Aspen Option wherein for consideration of the remaining aggregate cash payments of $75,000 and aggregate share issuances of 350,000 due, the Company transferred four mineral tenures that formed part of its Kinaskan Property (the "Transferred Property") for a recorded value of $49,755 in acquisitions costs extinguishing any further payment obligations.

The Company has exercised the Aspen Option and acquired a 100% interest in mineral tenures forming part of the Hit Property, that remain subject to the NSR to the Vendors as described hereinabove.

The Transferred Property remains subject to a 2.5% NSR payable to the Company of which 2% may be purchased for $4,000,000.

Hit Other

On September 16, 2011, the Company acquired a 100% interest in additional mineral tenures referred to as the Aspen Grove South Property, located in southern British Columbia from two private individuals (the "Vendors") forming part of the Hit Property. Consideration for the acquisition included the issuance of 100,000 common shares of the Company and the Vendors retained a 2.5% NSR of which the first 1.5% of the NSR may be purchased for $1,000,000 and the remaining 1% NSR for $3,000,000.

On November 27, 2012 the Company acquired a 100% interest in four additional mineral tenures from two private individuals (the "Vendors") forming part of the Hit Property. Consideration for the acquisition included a cash payment of $5,000.

On February 27, 2014, the Company entered into a purchase agreement with a private individual to acquire a 100% interest in two mineral tenures forming part of the Hit Property for a cash purchase price of $25,000 (paid). On the same date, the Company entered into an additional purchase agreement with two private individuals to acquire a 100% interest in 8 mineral tenures forming part of the Hit Property for a cash purchase price of $5,000 (paid).

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia (cont'd)

Hit Property (cont')

The balance of mineral tenures were acquired through staking programs all of which form part of the Hit Property. As at March 31, 2017, the Company has incurred, $1,369,318 net of BCMET recoveries (2016 - $1,364,507) in acquisition and exploration costs.

Heart Peaks Property

The Heart Peaks Property ("HP Property") was acquired by staking contiguous mineral tenures in the Atlin Mining Division, British Columbia.

On September 11, 2015, the Company and Centerra Gold Inc. ("Centerra") entered into an option agreement (the "Centerra Option") whereby Centerra can earn a 70 % interest in the HP Property through making exploration expenditures totaling $8,000,000 by December 31, 2019 ($1,500,000 in year one).

Under the terms of the Centerra Option, Colorado will be the project manager on the HP Property for a minimum of two years and will receive a management fee. During the year ended March 31, 2017, the Company has received net management fees of $75,124 (2016 - $Nil).

Pursuant to the terms of the Centerra Option, Centerra provided written notice of its decision to terminate the Centerra Option effective October 3, 2016.

As at March 31, 2017, the Company has incurred $1,208,670 net of BCMET recoveries (2016 - $1,206,112) in acquisition and explorations costs.

Impairment

During the year ended March 31, 2017, the Company elected to prioritize certain assets given the commitment of funds to KSP (*See Events After the Reporting Date, Note 25)* for its 2017 – 2018 field season and with the termination of the Centerra Option, the Company has elected to write-down the Heart Peaks property in the amount of $1,208,670. The impairment was done in accordance with level 3 of the fair value hierarchy.

KingPin Property

During the year ended March 31, 2017, the Company acquired a 100% interest in several mineral claims located in the Golden Triangle area in northwestern British Columbia through staking (collectively referred to as the "KingPin Property"). Additionally two claims previously staked in the prior year (*See Other*) are now included and collectively form part of the KingPin Property.

On April 20, 2016, the Company entered into a purchase agreement dated with a third party (the "Vendor"), to acquire a 100% interest in the Max Property subject to a retained 2% net smelter returns royalty (the "NSR") for the following consideration:

1.
2. On signing a $20,000 cash payment to the Vendor (paid); and
3. 200,000 common shares of Colorado to be issued to the Vendor within 10 days of Exchange approval (issued).

The Company has the option to purchase from the Vendor 1% of the NSR for $1,000,000 within 240 day of commercial production and thereafter at any time the remaining 1% for $5,000,000. The Max Property forms part of the KingPin Property.

As at March 31, 2017, the Company has incurred $225,567 (2016 - $Nil) in acquisition and explorations costs.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia (cont'd)

Castle

On February 3, 2017, the Company and Kaizen Discovery Inc. ("Kaizen") entered into a purchase agreement to acquire a 100% interest in the Castle property located in the Liard Mining District of British Columbia (the "Castle Agreement"). Under the terms of the agreement, Colorado acquired a 100% interest in the Castle Property, subject to a 2% percent NSR to the underlying original vendor (the "Original Vendor NSR") for the following consideration:

1. 1,000, 000 units of Colorado ("Consideration Units") to Kaizen within five days of the TSX Venture Exchange ("Exchange") approval (issued). Each Consideration Unit consists of one common share and ("Consideration Share") one common share purchase warrant (a "Warrant"). Each Warrant entitles Kaizen to purchase a further common share at a purchase price of $0.60 per share for a period of 24 months (See note 14)._The warrants were measured at fair value using the Black-Scholes option pricing model at $103,309. The following key assumptions used in valuing the warrants:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
14-Feb-17	14-Feb-19	$0.34	$0.60	0.80%	2	102.89%	0%

The Company has the option to purchase the Original Vendor NSR for $4,000,000.

As at March 31, 2017, the Company has incurred $446,574 (2016 - $Nil) in acquisition and explorations costs.

Other

GJ Key property is located 34 km southwest of the Company's North ROK property. During the year ended March 31, 2017, the Company sold a 50% interest in the two claims comprising the GJ Key Property along with one claim that forms part of the Company's Kinaskan Property to a third party for a cash payment of $5,000 (the "Purchase Price"). An amount of $3,350 of the Purchase Price was allocated to the GJ Key Property and the balance of $1,650 was recorded in gain on the sale of exploration and evaluation assets. As at March 31, 2017, the Company had a recorded credit balance of $(1,367) (2016 - $1,922) against acquisition and exploration costs.

The GS Property located approximately 44 km to the southeast of the Company's Heart Peaks Property. As at March 31, 2017, the Company has incurred $6,597 (2016 - $1,821) in acquisition and exploration costs. As at March 31, 2017, the Company has incurred $3,286 (2016 - $6,214) in acquisition and exploration costs on two mineral tenures located northwest of Stewart, British Columbia referred to as the Iskuit Claims. Two previously held claims with acquisition costs of $5,405 from prior year were reclassified to the KingPin Property.

During the year ended March 31, 2017, the Company staked a mineral tenure referred to as the Stu Property, located northwest of Stewart, British Columbia. As at March 31, 2017, the Company has incurred $7,552 (2016 - $Nil) in acquisition and exploration costs.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

US

Nevada

Green Springs

On December 6, 2016, Colorado entered into a definitive agreement with Ely Gold & Minerals Inc. ("ELY") wherein ELY granted the exclusive option to Colorado to acquire ELY's 100% interest in and to the Green Springs Property by making the following payments and share issuances over four years:

- Initial - US$50,000 cash (paid) and the issuance of 300,000 common shares (issued) upon Exchange approval (*received on December 13, 2016);*
- Year 1 Anniversary - US$100,000 cash and the issuance of 500,000 common shares;
- Year 2 Anniversary- US$200,000 cash and the issuance of 600,000 common shares;
- Year 3 Anniversary - US$400,000 cash and the issuance of 850,000 common shares; and
- Year 4 Anniversary- US$2,250,000 cash (the "Final Option Payment").

Colorado may at its election make the Final Option Payment 50% cash and 50% common shares based on a 30 day volume weighted average price subject to a floor price of $0.20 per share).

As at March 31, 2017, the Company has incurred $592,541 (2016 - $Nil) in acquisition and explorations costs.

Other

The Company acquired through staking several lode and placer claims located in the upper Fish Lake Valley in northern Esmeralda County, Nevada. During the year ended March 31, 2017, the Company incurred $nil, (2016 - $201,753) in acquisition and exploration expenditures.

The Company entered into an Agreement for sale of the Company's 100% interest in the claims and completed the sale on June 7, 2016. See Note 7 Assets Held for Sale.

12. TRADE AND OTHER PAYABLES

		March 31 2017		March 31 2016
Trade payables	$	96,807	$	100,445
Accrued Liabilities		50,304		37,000
Due to related party - Note 17		26,246		31,105
Total	$	173,357	$	168,550

13. OTHER LIABILITIES

	Issued on March 17 2017	Issued on May 18 2016	Issued on December 18 2015	Total
Balance at March 31, 2015	$ -	$ -	$ -	$ -
Liability incurred on flow-through shares issued	-	-	93,750	93,750
Settlement of flow-through share liability on incurring expenditures	-	-	(7,581)	(7,581)
Balance at March 31, 2016	-	-	86,169	86,169
Liability incurred on flow-through shares issued	$ 540,077	101,925	-	642,002
Settlement of flow-through share liability on incurring expenditures	-	(101,925)	(86,169)	(188,094)
Balance at March 31, 2017	$ 540,077	$ -	$ -	$ 540,077

13. OTHER LIABILITIES (cont'd)

On March 17, 2017, the Company completed a private placement for 8,180,000 flow-through common shares at a price of $0.42 per share for gross proceeds of $3,435,600. The Company determined that these shares were issued at a premium of $0.135 per share based on the share price of $0.285 on the date of issuance. The liability incurred on flow-through shares was of $540,077.

On December 29, 2016, the Company completed a private placement for 3,800,000 flow-through common shares at a price of $0.25 per share for gross proceeds of $950,000. The Company determined that these shares were not issued at a premium based on the share price of $0.28 on the date of issuance. The liability incurred on flow-through shares was $nil.

On May 31, 2016, the Company completed Tranche 2 of a private placement of 1,260,000 flow-through common shares at a price of $0.42 per share for gross proceeds of $529,200. The Company determined that these shares were issued at a premium of $0.05 per share based on the share price of $0.37 on the date of issuance. The liability incurred on flow-through shares was $nil.

On May 18, 2016, the Company completed Tranche 1 of a private placement of 2,282,334 flow-through common shares at a price of $0.42 per share for gross proceeds of $958,580. The Company determined that these shares were issued at a premium of $0.11 per share based on the share price of $0.31 on the date of issuance. The liability incurred on flow-through shares was $101,925. As at March 31, 2017, the Company had incurred $958,580 of qualifying Canadian Exploration Expenditures ("CEE") thereby fulfilling the obligation and had extinguished $101,925 of the liability. The extinguishment of the liability was recognized as other income of $101,925 during the year ended March 31, 2017.

On December 18, 2015, the Company completed a private placement of 6,255,000 flow-through common shares at a price of $0.08 per share for gross proceeds of $500,400. The Company determined that these shares were issued at a premium of $0.015 per share based on the share price of $0.065 on the date of issuance resulting in a liability of $93,750. As at March 31, 2017, the Company had incurred the remaining $460,057 fulling the $500,400 of qualifying Canadian Exploration expenditures thereby fulfilling the remaining $86,169 (2016 - $7,581) in relation this this flow-through share financing. The extinguishment of the liability was recognized as other income of $86,169 during the year ended March 31, 2017.

14. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares with no par value. The following is a summary of changes in common share capital from April 1, 2015 to March 31, 2017:

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (cont'd)

Authorized Share Capital

	Note	Number	Price	Total
Balance, March 31, 2015		47,229,660		$ 22,707,775
Issued for private placement	14	7,902,307	$ 0.07	513,650
Issued for private placement	14	6,255,000	$ 0.08	500,400
Share issue costs	14	-	-	(85,802)
Flow-through share premium	13	-	-	(93,750)
Balance, March 31, 2016		61,386,967		$ 23,542,273
Issued for private placement	14	9,274,931	$ 0.35	3,246,226
Issued for private placement	14	11,722,334	$ 0.42	4,923,380
Issued for private placement	14	3,800,000	$ 0.25	950,000
Issued for private placement	14	745,000	$ 0.32	238,400
Exercise of share purchase warrants	14	5,741,154	$ 0.13	746,350
Exercise of options	14,15	150,000	$ 0.25	37,500
Exercise of options	14,15	150,000	$ 0.15	22,500
Exercise of options	14,15	200,000	$ 0.08	16,000
Exercise of options	14,15	100,000	$ 0.265	26,500
Exercise of options	14,15	50,000	$ 0.30	15,000
Shares issued for exploration and evaluation assets	11	200,000	$ 0.32	64,000
Shares issued for exploration and evaluation assets	11	300,000	$ 0.20	60,000
Shares issued for exploration and evaluation assets	11	1,000,000	$ 0.340	340,000
Shares issued for exploration and evaluation assets	11	1,500,000	$ 0.285	427,500
Share issue costs	14	-	-	(586,945)
Fair value of stock options transferred on exercise	14	-	-	73,387
Flow-through share premium	13	-	-	(1,810,583)
Balance, March 31, 2017		**96,320,386**	-	**$ 32,331,488**

1. On April 26, 2016, the Company issued 200,000 common shares pursuant to the Max Property Agreement forming part of the Company's KingPin property as described Note 11 hereinabove. The common shares were valued at $64,000 as determined by the market price when issued being $0.32 per common share.

2. On May 18, 2016, the Company completed the initial tranche ("Tranche 1"), which consisted of the issuance of 2,211,431 non-flow units at a price of $0.35 ("NFT Units") and 2,282,334 flow-through units at a price of $0.42 ("FT Units") for aggregate gross proceeds of $1,732,580. Each Tranche 1 NFT Unit consisted of one common share in the capital of the Company (a "NFT Share") and one common share purchase warrant (a "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of $0.50 until May 18, 2018. The NFT Warrants were valued using the residual value method of $88,457. Each Tranche 1 FT Unit consisted of one flow-through common share in the capital of the Company (a "FT Share") and one–half of one non-transferable non-flow through common share purchase warrant. Each whole warrant (a "NFT Warrant") will entitle the holder to purchase one additional common share of the Company (a "NFT Share") at an exercise price of $0.60 until May 18, 2018. The FT Warrants were valued using the Black-Scholes option pricing model at $149,132.

3. On May 31, 2016, the Company completed the second tranche ("Tranche 2") which consisted of the issuance of 4,463,500 NFT Units and 1,260,000 FT Units for aggregate gross proceeds of $2,091,426. Each Tranche 2 NFT Unit consisted of one common share in the capital of the Company (a "NFT Share") and one common share purchase warrant (a "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of $0.50 until May 31, 2018. Each Tranche 2 FT Unit consisted of one flow-through common share in the capital of the Company (a "FT Share") and one–half of one non-transferable non-flow through common share purchase warrant. Each whole warrant (a "NFT Warrant") will entitle the holder to purchase one additional common share of the Company (a "NFT Share") at an exercise price of $0.60 until May 31, 2018. The FT Warrants were valued using the Black-Scholes option pricing model at $63,000.

14. SHARE CAPITAL AND RESERVES (cont'd)

Common Shares (cont'd)

4. On June 1, 2016, the Company completed the issuance of 2,600,000 NFT Units for aggregate gross proceeds of $910,000 (the "Final Tranche"). Each Final Tranche NFT Unit consisted of one common share in the capital of the Company (a "NFT Share") and one common share purchase warrant (a "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of $0.50 until June 1, 2018.

   The NFT Warrant contain an acceleration provision such that if the closing price of the common shares of the Company on the TSX Venture Exchange is higher than $0.75 for 20 consecutive trading days then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants may be accelerated to the date that is 20 trading days after the Acceleration Trigger Date by the issuance of a news release announcing such acceleration within two trading days of the Acceleration Trigger Date.

   The Company has paid aggregate finders' fees in connection with Tranche 1 and Tranche 2 of $180,777 cash and issued to finders 68,880 warrants at an exercise price of $0.35 and 128,119 warrants at an exercise price of $0.42 (collectively the "Agents Warrants"). Each Agent Warrant is otherwise exercisable on the same terms as the warrants issued to investors in the offering. Additional share issue costs of $95,813 were incurred in relation to legal, regulatory filing fees and fair value of agents warrants (See Agents Warrants).

5. On December 13, 2016, the Company issued 300,000 common shares pursuant to the Green Springs Agreement as described Note 11 hereinabove. The common shares were valued at $60,000 as determined by the market price when issued being $0.20 per common share;

6. On December 29, 2016, the Company completed the issuance of 3,800,000 flow through units "Flow-Through Units") at an issue price of $0.25 per Flow-Through Unit (the "Offering"). Each Flow-Through Unit consists of one flow-through common share in the capital of the Company (a "FT Share") and one–half of one non-transferable non-flow through common share purchase warrant (each whole warrant a "NFT Warrant"). Each NFT Warrant entitles the holder thereof to purchase one additional common share of the Company (a "NFT Warrant Share") at an exercise price of $0.40 per NFT Warrant Share until December 29, 2016. Finders' fees of an aggregate cash fees of $13,625 were paid.

7. On February 14, 2017, the Company issued 1,000,000 Consideration Units to Kaizen pursuant to the Castle Agreement as described in Note 11 hereinabove. The Consideration Shares were valued at $340,000 as determined by the market price when issued being $0.34 per share. The warrants were valued using the Black-Scholes option pricing model at $103,309 (See Note 11).

8. On March 17, 2017, the Company issued 1,500,000 Consideration Units to Firesteel pursuant to the ROK-Coyote Agreement as described in Note 11 hereinabove. The Consideration Shares were valued at $427,500 as determined by the market price when issued being $0.285 per share. The warrants were valued using the Black-Scholes option pricing model at $187,422 (See Note 11).

9. On March 17, 2017 the Company completed the issuance of 745,000 units of the Company (the "Units") at an issue price of $0.32 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one–half of one non-transferable Common Share purchase warrant (each whole warrant a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.50 until September 17, 2019. The NFT Warrants were valued using residual value method at $13,038 (See Note 11).

14. SHARE CAPITAL AND RESERVES (cont'd)

Common Shares (cont'd)

10. Additionally the Company issued 8,180,000 flow-through units (the "Flow-Through Units") at an issue price of $0.42 per Flow-Through Unit for aggregate gross proceeds of $3,435,600. Each Flow-Through Unit consists of one flow-through common share of the Company that qualifies as a flow-through share for purposes of the *Income Tax Act* (Canada) (a "FT Share") and one–half of one non-transferable non-flow through common share purchase warrant (each whole warrant a "NFT Warrant"). The FT Warrants were valued using the Black-Scholes option pricing model at $564,223. Each NFT Warrant entitles the holder thereof to purchase one additional common share of the Company (a "NFT Warrant Share") at an exercise price of $0.50 per NFT Warrant Share until September 17, 2019.

    In connection with the private placements completed on March 17, 2017 the Company paid aggregate finders' fees of $198,690 cash and issued to finders 441,300 warrants at an exercise price of $0.32 and 41,700 warrants at an exercise price of $0.42 (collectively the "Finder Warrants"). Each Finder Warrant is otherwise exercisable on the same terms as the warrants issued to investors in the Offering. The Finder's Warrants were valued using the Black-Scholes option pricing model at $6,649 and $67,344 respectively.

11. The Company issued 5,741,154 common shares pursuant to the exercise of share purchase warrants at an exercise price of $0.13 per common share.

12. The Company issued 150,000 common shares pursuant to the exercise of stock options at an exercise price of $0.25 per common share.

13. The Company issued 150,000 common shares pursuant to the exercise of stock options at an exercise price of $0.15 per common share.

14. The Company issued 200,000 common shares pursuant to the exercise of stock options at an exercise price of $0.08 per common share.

15. The Company issued 100,000 common shares pursuant to the exercise of stock options at an exercise price of $0.265 per common share.

16. The Company issued 50,000 common shares pursuant to the exercise of stock options at an exercise price of $0.30 per common share.

During the year ended March 31, 2016, the Company completed the following shares issuances:

17. On December 10, 2015, the Company issued 7,902,307 units in the capital of the Company ("Units") at an issue price of $0.065 per unit, for gross proceeds of $513,650 (the "Financing"). Each Unit consisted of one common share in the capital of the Company (a "Common Share") and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Warrant Share at an exercise price of $0.13 for a period of 24 months expiring on December 10, 2017. The Warrant terms contain an acceleration provision such that if, commencing on April 11, 2016, the closing price of the Colorado shares on the Exchange is higher than $0.20 for 20 consecutive trading days then, on the 20th consecutive trading day (the "Acceleration Trigger Date"), the expiry date of the Warrants may be accelerated to the date that is 20 trading days after the Acceleration Trigger Date by the issuance, within two trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.

    Finders acting in connection with the Financing received aggregate cash fees of $30,780.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (cont'd)

Common Shares (cont'd)

18. On December 18, 2015, the Company issued 6,255,000 flow-through units in the capital of the Company ("FT Units") at an issue price of $0.08 per unit, for gross proceeds of $500,400 (the "FT Financing"). Each FT Unit consisted of one common share in the capital of the Company (a "FT Common Share") and one-half of one non-transferable non-flow-through common share purchase warrant (each whole warrant, a "NFT Warrant"), with each NFT Warrant entitling the holder thereof to acquire an additional NFT Warrant Share at an exercise price of $0.13 for a period of 24 months expiring on December 18, 2017. The NFT Warrant terms contain an acceleration provision such that if, commencing on April 19, 2016, the closing price of the Colorado shares on the Exchange is higher than $0.20 for 20 consecutive trading days then, on the 20th consecutive trading day (the "Acceleration Trigger Date"), the expiry date of the NFT Warrants may be accelerated to the date that is 20 trading days after the Acceleration Trigger Date by the issuance, within two trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.

Finders acting in connection with the Financing received aggregate cash fees of $35,712. Additional share issue costs of $19,310 were incurred in relation to legal and regulatory filing fees.

Share Purchase Warrants

The following is a summary of changes in share purchase warrants from April 1, 2015 to March 31, 2017:

	Number	Weighted Average Share Price
Balance as at March 31, 2015	-	$0.00
Issued	7,078,654	$0.13
Balance as at March 31, 2016	7,078,654	$0.13
Issued	19,908,596	0.48
Exercised	(5,741,154)	$0.13
Balance as at March 31, 2017	21,246,096	$0.48

At March 31, 2017, 21,246,096 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
1,337,500	$0.13	18-Dec-17
2,211,430	$0.50	18-May-18
1,141,166	$0.60	18-May-18
630,000	$0.60	31-May-18
4,463,500	$0.50	31-May-18
2,600,000	$0.50	01-Jun-18
1,900,000	$0.40	29-Dec-17
4,090,000	$0.50	17-Sep-19
372,500	$0.50	17-Sep-19
1,000,000	$0.45	14-Feb-19
1,500,000	$0.60	17-Mar-19
21,246,096		

As at March 31, 2017, 21,246,096 (2016 - 7,078,654) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.29 (2016 - 2) years.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (cont'd)

Share Purchase Warrants (cont'd)

During the year ended March 31, 2017 8,361,167 the fair value of 8,361,167 (2016 – Nil) share purchase warrants of $1,067,066 (2016 – Nil) was allocated to contributed surplus. The share purchase warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions:

	2017	2016
Risk free interest rate	0.77%	-
Expected divident yield	0.00%	-
Expected stock price volatility	94.02%	-
Expected life in years	2.09	-

Agents Warrants

The following is a summary of changes in Agent's Warrants from April 1, 2015 to March 31, 2017:

	Number	Weighted Average Share Price
Balance as at March 31, 2015 and March 31, 2016	—	—
Issued	679,999	$0.41
Balance as at March 31, 2017	679,999	$0.41

At March 31, 2017, 679,999 Agent's Warrants were outstanding. Each Agent Warrant entitles the holders thereof the right to purchase one common share as follows:

Agent's Warrants	Exercise Price	Expiry Date
61,800	$0.35	18-May-18
128,119	$0.42	18-May-18
7,080	$0.35	31-May-18
441,300	$0.42	17-Sep-19
41,700	$0.32	17-Sep-19
679,999		

As at March 31, 2017, 679,999 (2016 - Nil) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 2.08 (2016 - Nil) years.

During the year ended March 31, 2017, $94,385 associated with the grant of 679,999 agent warrants was recorded as contributed surplus based on the fair value. For purposes of the fair value calculations, the following weighted average assumptions were used for the Black-Scholes valuation model:

	2017	2016
Risk free interest rate	0.58%	-
Expected divident yield	0.00%	-
Expected stock price volatility	70.20%	-
Expected life in years	1.78	-

(Expressed in Canadian Dollars)

15. SHARE-BASED PAYMENTS

Option Plan Details

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

The following is a summary of changes in options for the year ended March 31, 2017:

				During the year ended March 31, 2017					
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired	Closing Balance	Vested and Exercisable	Unvested
14-Sep-11	14-Sep-16	$0.70	150,000	-	-	(150,000)	-	-	-
6-Jun-12	6-Jun-17	$0.30	1,102,500	-	(50,000)	(50,000)	1,002,500	1,002,500	-
23-Jan-13	23-Jan-18	$0.25	100,000	-	(100,000)	-	-	-	-
30-Oct-13	30-Oct-18	$0.29	100,000	-	-	-	100,000	100,000	-
1-May-14	1-May-19	$0.265	995,000	-	(100,000)	-	895,000	895,000	-
12-Sep-14	12-Sep-19	$0.25	260,000	-	(50,000)	-	210,000	210,000	-
7-May-15	7-May-20	$0.15	970,000	-	(150,000)	(10,000)	810,000	810,000	-
30-Dec-15	31-Dec-20	$0.08	2,205,000	-	(200,000)	(10,000)	1,995,000	1,995,000	-
6-Jun-16	6-Jun-21	$0.44	-	1,085,000	-	-	1,085,000	1,085,000	-
21-Nov-16	21-Nov-21	$0.22	-	200,000	-	-	200,000	200,000	-
			5,882,500	**1,285,000**	**(650,000)**	**(220,000)**	**6,297,500**	**6,297,500**	**-**
Weighted Average Exercise Price			**$0.19**	**$0.44**	**-**	**-**	**$0.22**	**$0.23**	**-**
Weighted Average Life remaining			**1.69**	**3.10**	**-**	**-**	**2.74**	**2.74**	**-**

(Expressed in Canadian Dollars)

15. SHARE-BASED PAYMENTS (cont'd)

Option Plan Details (cont'd)

				During the year ended March 31, 2016					
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable	Unvested
26-Nov-10	26-Nov-15	$0.70	920,000	-	-	(920,000)	-	-	-
25-Mar-11	25-Mar-16	$0.90	105,000	-	-	(105,000)	-	-	-
14-Sep-11	14-Sep-16	$0.70	150,000	-	-	-	150,000	150,000	-
6-Jun-12	6-Jun-17	$0.30	1,102,500	-	-	-	1,102,500	1,102,500	-
23-Jan-13	23-Jan-18	$0.25	100,000	-	-	-	100,000	100,000	-
30-Oct-13	30-Oct-18	$0.29	100,000	-	-	-	100,000	100,000	-
1-May-14	1-May-19	$0.265	995,000	-	-	-	995,000	995,000	-
12-Sep-14	12-Sep-19	$0.25	260,000	-	-	-	260,000	260,000	-
7-May-15	7-May-20	$0.15	-	970,000	-	-	970,000	970,000	-
30-Dec-15	30-Dec-20	0.080	-	2,205,000	-	-	2,205,000	2,205,000	-
			3,732,500	3,175,000		(1,025,000)	5,882,500	5,882,500	-
Weighted Average Exercise Price			$0.42	$0.10	-	$0.72	$0.26	$0.19	-
Weighted Average Life remaining			2.47	3.88	-	-	1.69	1.69	-

Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended March 31, 2017 was $0.22 per option (2016 - $0.10).

The expected price volatility is based on the historic volatility (based on the expected life of the options), adjusted for any expected changes to future volatility due to publicly available information.

i) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the year ended March 31, 2017 were $446,733 (2016 - $191,671) using the Black-Scholes option pricing model. For purposes of the fair value calculations, the following weighted average assumptions were used for the Black-Scholes valuation model:

	2017	2016
Risk free interest rate	0.68%	0.82%
Expected divident yiel	0.00%	0.00%
Expected stock price v	114.91%	103.03%
Expected life in years	5.00	5

ii) Weighted average remaining contractual life of stock options

The weighted average remaining contractual life of stock options as at March 31, 2017 is 2.74 years (2016 – 1.69 years).

(Expressed in Canadian Dollars)

16. ADMINISTRATIVE AND GENERAL EXPENSES

	Note		Years Ended March 31 2017		2016
Administrative and General Expenses include:					
Accounting and legal		$	61,983	$	76,385
Consulting	17		412,401		278,624
Corporate development			2,853		16,881
Investor relations, website development and marketing			148,241		71,563
Office and administration fees			274,075		198,374
Part XII tax			-		804
Regulatory fees			23,831		9,672
Shareholder communications			25,360		11,836
Transfer agent fees			11,093		8,233
Travel			50,377		30,757
Wages			81,087		31,345
		$	1,091,301	$	734,474

17. RELATED PARTY TRANSACTIONS

Transactions with related parties were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key Management Compensation

	March 31 2017	March 31 2016
Administration and labour	$130,498	$108,604
Consulting fees	560,835	391,433
Wages	43,636	-
Share based payments	214,409	145,500
	$949,378	$645,537

i) Consulting fees of $221,160 (2016 - $175,133) of which $48,355 (2016 - $47,263) was capitalized to exploration and evaluation assets were paid or accrued to Cazador, a company controlled by Adam Travis, the President and Chief Executive Officer of the Company;

ii) Administration and labour fees of $65,609 (2016 - $56,367) were paid or accrued to Cazador in relation to the Company's general corporate administration and fieldwork;

iii) Consulting fees of $151,988 (2016 - $117,313) were paid or accrued to Minco, a company controlled by Terese Gieselman, the Chief Financial Officer and Corporate Secretary of the Company;

iv) Administration fees of $64,888 (2016 - $52,238) were paid or accrued to Minco in relation to providing administrative and accounting employment services;

v) Consulting fees of $52,363 (2016 - $59,112) of which $50,514 (2016 - $48,369) was capitalized to exploration and evaluation assets were paid or accrued to Greg Dawson, the Company's former VP Exploration. Mr. Dawson resigned September 14, 2016;

vi) Consulting fees of $34,775 (2016 - $12,100) were paid or accrued to 43983 Yukon Inc. ("43983") a company controlled by Larry Nagy, a director of the Company;

vii) Consulting fees of $95,550 (2016 - $19,775) were paid or accrued to Carl Hering a director of the Company;

viii) Consulting fees of $5,000 (2016 - $8,000) were paid or accrued to William Lindqvist a director of the Company;

ix) Wages of $43,636 (2016 - $Nil) were paid to Alex Blanchard ("Blanchard") the Company's VP Corporate Development (Blanchard was appointed on November 21, 2016) ;and

x) Share-based payments are the fair value of options granted to key management personnel.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS (cont'd)

Related Party Liabilities Included in Trade and Other Payables:

Amounts due to:	Service for:	March 31 2017	March 31 2016
Cazador Resources Ltd.	Consulting Fees	$26,246	$200
Greg Dawson	Consulting Fees	-	4,434
Carl Hering	Consulting Fees	-	17,439
William Lindqvist	Consulting Fees	-	6,000
43983 Yukon Inc.	Consulting Fees	-	3,032
43983 Yukon Inc.	Expenses	340	-
		$26,586	$31,105

Related Party Receivables included in Other receivables:

Amounts due from:	Service for:	March 31 2017	March 31 2017
Cazador	Expenses	$-	$1,943
Damara	Rent & Expenses	16,113	3,706
Golden Ridge Resources Ltd.	Rent & Expenses	6,218	-
		$22,331	$5,649

Related Party Advances

On March 6, 2017, Damara issued 4,200,000 common shares at a price of $0.05 per common share to extinguish a portion of the related party advance in the amount of $210,000 (the "Debt Settlement"). As at March 31, 2017, $15,000 (2016 - $225,000) remained advanced to Damara, which has two common directors, Larry Nagy and William Lindqvist of the Company, in connection with property evaluation expenditures. Additionally the remaining principle balance of $15,000 and interest accrued to December 31, 2016 (the settlement date) is non-interest bearing and due on demand.

18. SEGMENT REPORTING

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and the United States.

	March 31 2017			March 31 2016
	Canada	USA	Total	Canada
Prepaids and advances	$47,262	$ -	$47,262	$241,540
Assets held for sale	-	-	-	201,753
Reclamation Deposits	141,000	-	141,000	116,000
Property, plant and equipment	24,611	-	24,611	3,918
Exploration and evaluation assets	12,908,906	592,541	13,501,447	8,983,181
Total	$13,121,779	$592,541	$13,714,320	$9,546,392

For the years ended March 31	2017	2016
Net loss for the year - Canada	$(2,071,599)	$ (933,579)
Net loss for the period - USA	(1,191)	-
Net loss for the year	$(2,072,790)	$ (933,579)

(Expressed in Canadian Dollars)

19. INCOME TAXES

Taxation in the Company and its subsidiary's operational jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The difference between tax expense for the years ended and the expected income taxes based on the statutory tax rate arises as follows:

	March 31 2017 $	March 31 2016 $
Loss before tax per the accounts	(2,072,790)	(933,579)
Recovery at local statutory rates - 26.00% (2016 – 26.00%)	(538,925)	(242,731)
Non-deductible expenses	48,823	50,503
Share issuance costs	—	(22,309)
Flow-through shares	517,408	10,513
Differences between Canadian and foreign tax rates	(185)	—
Impact of foreign exchange on tax assets and liabilities	(381)	641
Other	—	(671)
Impact of (over)/under provision in prior year	3,274	—
Effect of items recognized directly in equity	—	4,875
Change in unrecognized deferred tax assets	(30,014)	199,179
Income taxes	—	—

Deferred Tax Assets and Liabilities

The Canadian Federal corporate tax rate is 15.00% and the British Columbia rate is 11.00%. The statutory tax rate in Mexico is 30.00%.

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities as at March 31, 2017 and 2016 are summarized as follows:

	March 31 2017 $	March 31 2016 $
Non-capital losses	891,256	546,071
Share issuance costs		—
Capital assets		—
Resource properties	(888,526)	(544,853)
Available-for-sale securities	(2,730)	(1,218)
Unrecognized deferred tax asset		—
Deferred tax asset/(liability)	—	—

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets, has been met.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	March 31 2017 $	March 31 2016 $
Unrecognized deductible temporary differences and unused tax losses:		
Non-capital losses	4,213,550	4,223,569
Property plant and equipment	348,146	339,103
Share issue cost	527,818	82,008
Available for sale securities		—
Capital losses	15,531	—
Non-refundable ITC	332,138	332,138
Total	5,437,183	4,976,818

(Expressed in Canadian Dollars)

19. INCOME TAXES (cont'd)

As at March 31, 2017, the Company has estimated non-capital losses for Canada of $7,617,000 for tax purposes that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring as follows:

Year of Expiry	Taxable Losses
2030	$71,000
2031	676,000
2032	1,177,000
2033	977,000
2034	1,268,000
2035	1,112,000
2036	1,022,000
2037	**1,314,000**
Total	**$7,617,000**

Flow-through Shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended March 31, 2017, the Company received $5,873,380 (2016 - $500,400) from the issue of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. During the year-ended March 31, 2017, the Company renounced $2,437,780 (2016 - $500,400) to the subscribers (See Note 13).

As at March 31, 2017 the Company had $4,341,288 remaining in flow through expenditures to complete.

20. LOSS PER SHARE

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

	March 31 2017		March 31 2016
Loss attributable to ordinary shareholders	($2,072,790)		($933,579)
Weighted average number of common shares	75,987,764		51,436,724
Basic and diluted loss per share	($0.03)	$	(0.02)

21. COMMITMENTS AND CONTINGENCIES

On April 1, 2016, the Company entered a one year lease with Canada West Realty Ltd. for increased office space at an annual rent payable of $57,513 with an option to renew for an additional year at an agreed rate between the parties. On January 1, 2017, the Company amended the lease to renew for a further one year period effective April 1, 2017 at an annual rent payable of $69,957. Effective August 1, 2017 the lease was terminated.

On May 27, 2017 the Company entered into a five year lease with Vintage Commercial Ltd. effective July 1, 2017 at an annual payable rent of $47,191 in the first year (10 months) and $53,766 effective July 1, 2018 until June 30, 2022.

22. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the year ended March 31, 2017 and 2016 the following transactions were excluded from the consolidated statements of cash flows:

i) The Company issued 2,500,000 units (2016 – Nil) which included common shares valued at $891,500 (2016 - $Nil) for acquisition of exploration and evaluation assets, as determined by their market prices when issued (Notes 11 and 14) and recorded a further $290,731 for the value of the warrants;
ii) Exploration and evaluation assets payable amounts of $87,520 (2016 - $12,762) were included in accounts payable at March 31, 2017;
iii) A compensation charge of $94,385 (2016 - $Nil) associated with the grant of 679,999 (2016 – Nil) Agent Warrants was recorded as share issue costs at March 31, 2017 - see Note 14;
iv) A British Columbia Mining Exploration Tax Credit for $426,314 (2016 - 45,617) was included within taxes recoverable and other receivables at March 31, 2017;
v) The Company recorded a gain of $105,000 (2016 - $Nil) on the settlement as described in notes 7 and 17; and
vi) During the years ended March 31, 2017 and 2016 no cash was paid for interest or income taxes.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company’s risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company’s management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies are set out below.

<u>Market Risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes: (cont'd)

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

The Company as at March 31, 2017, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities that are subject to changes in market price.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company does not maintain any trade payables beyond a 30-day period to maturity.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes: (cont'd)

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for receivables, and trade and other payables approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the sale of the available-for-sale investments (Note 8) and cash and cash equivalents, were been determined by reference to published price quotations in an active market, a Level 1 valuation.

24. CAPITAL MANAGEMENT

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

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended March 31, 2017.

25. EVENTS AFTER THE REPORTING DATE

Subsequent to March 31, 2017:

KSP Option

On May 10, 2017, the Company made the final cash payment of $150,000 to SnipGold and provide notice pursuant to the KSP Option to exercise the Initial 51% Interest. The Company further waived the 29% Additional Interest Notice Period and has elected to proceed to acquire the 29% Additional Interest pursuant to the terms of the KSP Option wherein the Company must incur on or before May 9, 2018 of $4,000,000 in exploration expenditures. Upon exercise of the 29% Additional Interest the Company and SnipGold will form an 80/20 joint venture.