

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Commission File Number: 333-150028

**BUNKER HILL MINING CORP.**  
**(FORMERLY LIBERTY SILVER CORP.)**  
(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

32-0196442

(IRS Employer Identification Number)

**401 Bay Street, Suite 2702**  
**Toronto, Ontario, Canada, M5H 2Y4**

(Address of principal executive offices)

**416-477-7771**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the Registrant is  a large accelerated filer,  an accelerated filer,  a non-accelerated filer,  a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act) or  an emerging growth company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)  
 Yes  No

As of May 15, 2018, the Issuer had 33,013,715 shares of common stock issued and outstanding.

## **PART I - FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

The financial statements of Bunker Hill Mining Corp. (formerly Liberty Silver Corp.), (“Bunker Hill”, the “Company”, or the “Registrant”) a Nevada corporation, included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, these financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended June 30, 2017, and all amendments thereto.

#### **BUNKER HILL MINING CORP. (FORMERLY LIBERTY SILVER CORP.) INTERIM CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS PERIOD ENDED MARCH 31, 2018**

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**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Interim Condensed Consolidated Balance Sheets**  
**(Unaudited)**

As at,	March 31, 2018 \$	June 30, 2017 \$
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	2,061,215	593,515
Accounts receivable	56,159	5,474
Deposit	122,769	68,582
Other assets	87,980	22,056
Prepaid expenses	346,362	132,551
<b>Total current assets</b>	<b>2,674,485</b>	<b>822,178</b>
Property and equipment		
Equipment	58,610	9,016
Long term deposit	41,860	---
Mining interests <i>(note 3)</i>	1	300,001
<b>Total property and equipment</b>	<b>100,471</b>	<b>309,017</b>
<b>Total assets</b>	<b>2,774,956</b>	<b>1,131,195</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	65,108	261,925
Accrued liabilities	130,746	156,408
Other liability	32,581	---
<b>Total current liabilities</b>	<b>228,435</b>	<b>418,333</b>
Long term liabilities		
Derivative liability <i>(note 4)</i>	2,776,218	---
<b>Total liabilities</b>	<b>3,004,653</b>	<b>418,333</b>
<b>SHAREHOLDERS' EQUITY</b>		
Preferred shares, \$0.001 par value, 10,000,000 preferred shares authorized; Nil preferred shares issued and outstanding <i>(note 4)</i>		
	---	---
Common shares, \$0.001 par value, 300,000,000 common shares authorized; 33,013,715 and 24,889,395 common shares issued and outstanding, respectively		
	33,013	24,889
Additional paid-in-capital	23,158,244	19,131,675
Deficit accumulated during the exploration stage	(23,420,954)	(18,443,702)
<b>Total shareholders' equity</b>	<b>(229,697)</b>	<b>712,862</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,774,956</b>	<b>1,131,195</b>
Going concern <i>(note 1)</i>		
Commitments and contingencies <i>(note 5)</i>		

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

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Interim Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

	For the Three Months ended March 31,		For the Nine Months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	---	---	---	---
Operating expenses				
Operation and administration <i>(note 6)</i>	709,806	33,484	1,764,860	110,792
Lease payments and exploration <i>(note 3)</i>	674,554	36,368	2,849,446	66,561
Legal and accounting	91,309	275,148	351,947	356,882
Consulting	142,383	58,500	527,538	83,500
Total operating expenses	1,618,052	403,500	5,493,791	617,735
Loss from operations	1,618,052	403,500	5,493,791	617,735
Other income or gain (expense or loss)				
Change in derivative liability	27,794	---	476,943	---
Gain on foreign exchange	7,202	3,749	39,596	4,398
Interest expense	---	(1,362)	---	(77,512)
Total other income or gain (expense or loss)	34,996	2,387	516,539	(73,114)
Loss before income tax	(1,583,056)	(401,113)	(4,977,252)	(690,849)
Provision for income taxes	---	---	---	---
Net loss and comprehensive loss	(1,583,056)	(401,113)	(4,977,252)	(690,849)
Loss per common share – basic and fully diluted	(0.05)	(0.02)	(0.18)	(0.05)
Weighted average common shares – basic and fully diluted	33,013,715	19,494,149	28,330,058	14,682,076

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

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

**For the nine months ended March 31,**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash flows from operating activities:		
Net loss and comprehensive loss	<b>(4,977,252)</b>	(690,849)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	<b>103,815</b>	1,381
Depreciation expense	<b>3,796</b>	---
Write-down of mining interest	<b>300,000</b>	---
Change in fair value of warrant liability	<b>(476,943)</b>	---
Changes in operating assets and liabilities:		
Increase in accounts receivable	<b>(50,685)</b>	---
Increase in deposit	<b>(54,187)</b>	---
(Increase) decrease in other assets	<b>(65,924)</b>	8,260
(Increase) decrease in prepaid expenses	<b>(213,811)</b>	(10,625)
Increase (decrease) in accounts payable	<b>(196,817)</b>	127,816
Increase in accrued liabilities	<b>(25,662)</b>	(52,714)
Increase in other liabilities	<b>32,581</b>	---
Increase in interest payable	---	77,512
Net cash used in operating activities	<b>(5,621,089)</b>	(539,219)
Cash flows from investing activities:		
Acquisition of equipment	<b>(53,392)</b>	---
Addition of long term deposit	<b>(41,860)</b>	---
Net cash used in investing activities	<b>(95,252)</b>	---
Cash flows from financing activities:		
Proceeds from unsecured promissory notes	---	100,000
Proceeds from issuance of common stock	<b>7,937,538</b>	1,132,917
Share issue costs	<b>(753,497)</b>	---
Proceeds from convertible loan payable	---	236,085
Net cash from financing activities	<b>7,184,041</b>	1,469,002
Increase in cash and cash equivalents	<b>1,467,700</b>	929,783
Cash and cash equivalents, beginning of period	<b>593,515</b>	9,361
Cash and cash equivalents, end of period	<b>2,061,215</b>	939,144

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

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Interim Condensed Consolidated Statements of Cash Flows (Continued)**  
**(Unaudited)**

**For the nine months ended March 31,**

**2018**                      **2017**  
\$                              \$

Supplemental disclosures:

Non-cash financing activities:

Common stock issued to settle accrued interest payable	---	285,810
Common stock issued to settle convertible loan payable	---	1,400,000

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

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**  
**For the Nine Months Ended March 31, 2018**

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**Note 1 – Basis of Presentation and Going Concern**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, shareholders' equity or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, which contains the annual audited consolidated financial statements and notes thereto, together with the Management's Discussion and Analysis, for the year ended June 30, 2017. The interim results for the period ended March 31, 2018 are not necessarily indicative of the results for the full fiscal year. The interim unaudited condensed consolidated financial statements are presented in USD, which is the functional currency.

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis. The Company has incurred losses since inception resulting in an accumulated deficit of \$23,420,954 and further losses are anticipated in the development of its business. The ability of the Company to emerge from the exploration stage is dependent upon, among other things, obtaining additional financing to continue operations, exploration and development of the mineral properties and the discovery of, development, and sale of reserves. In order to continue to meet its plans and fiscal obligations in the current fiscal year and beyond, the Company must seek additional financing. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The accompanying unaudited interim condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management is considering various financing alternatives including, but not limited to, raising capital through the capital markets and debt financing. These interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. The ability of the Company to emerge from the exploration stage is dependent upon, among other things, obtaining additional financing to continue operations, explore and develop the mineral properties and the discovery, development, and sale of reserves. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

**Note 2 – Nature of Operations**

Bunker Hill Mining Corp. (formerly Liberty Silver Corp.) (the "Company" or "Bunker") was incorporated under the laws of the state of Nevada, U.S.A on February 20, 2007 under the name Lincoln Mining Corp. Pursuant to a Certificate of Amendment dated February 11, 2010, the Company changed its name to Liberty Silver Corp., and on September 29, 2017 the Company changed its name to Bunker Hill Mining Corp. The Company's registered office is located at 1802 N. Carson Street, Suite 212, Carson City Nevada 89701, and its head office is located at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4, and its telephone number is 888-749-4916. As of the date of this Form 10-Q, the Company had two subsidiaries, Bunker Hill Operating LLC, a Colorado corporation that is currently dormant, and American Zinc. Corp., an Idaho corporation created to facilitate the work being conducted at the Bunker Hill Mine in Idaho.

The Company was incorporated for the purpose of engaging in mineral exploration activities. It continues to work at developing its projects with a view towards putting them into production.

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**  
**For the Nine Months Ended March 31, 2018**

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**Note 3 - Mining Interests**

Bunker Hill Mine Complex

On November 27, 2016, the Company entered into a non-binding letter of intent with Placer Mining Corp. ("Placer Mining"), which letter of intent was further amended on March 29, 2017, to acquire the Bunker Hill Mine located in Kellogg, Idaho, in the Coeur d'Alene Basin (the "Letter of Intent"). Pursuant to the terms and conditions of the Letter of Intent, the acquisition, which was subject to due diligence, would include mining claims, surface rights, fee parcels, mineral interests, existing infrastructure, machinery and buildings at the Kellogg Tunnel portal in Milo Gulch, or anywhere underground at the Bunker Hill Mine Complex, but specifically excluding certain areas of the mine and property. The acquisition would also include all current and historic data relating to the Bunker Hill Mine Complex, such as drill logs, reports, maps, and similar information located at the mine site or any other location.

The Company made certain payments totaling \$300,000 as part of this Letter of Intent. During the quarter ended September 30, 2017, additional payments totaling \$200,000 were made to extend the negotiation period. On August 28, 2017, the Company announced that it signed a definitive agreement (the "Agreement") for the lease and option to purchase the Bunker Hill Mine assets (the "Bunker Assets") (see note 5). All payments related to the lease are being expensed until the option is exercised and the \$500,000 previously capitalized has been expensed in the quarter ended December 31, 2017. During the quarter ended March 31, 2018, the \$300,000 of lease payments have been expensed.

In November 2017, the Company negotiated an extension to the commencement of the lease to afford it time to complete an equity financing (see note 5).

Trinity Project

On August 31, 2017, the Company and Renaissance Exploration Inc. signed a notice of termination and release of exploration Earn-In Agreement. Upon signing this agreement, the Company has terminated the March 29, 2010 Earn-In Agreement.

**Note 4 – Capital Stock and Warrants**

**Authorized**

The total authorized capital is as follows:

- 300,000,000 common shares with a par value of \$0.001 per common share; and
- 10,000,000 preferred shares with a par value of \$0.001 per preferred share

**Issued and outstanding**

In December 2017, Bunker announced that it closed a private placement led by Red Cloud Klondike Strike Inc. and including Haywood Securities Inc. (collectively, the "Agents") to raise gross proceeds of CDN\$10,155,400 (the "Offering"). Pursuant to the Offering, the Company issued 8,124,320 units (the "Units") at a price of CDN\$1.25 per Unit. Each Unit was comprised of one common share of the Company (a "Common Share") and one half of one transferable common share purchase warrant (a "Warrant"), each Warrant having a three-year life and entitling the holder thereof to acquire one Common Share at a price of CDN\$2.00.

The Company has accounted for the warrant liability in accordance with ASC Topic 815. These warrants are considered derivative instruments as they were issued in a currency other than the Company's functional currency of the US dollar. The estimated fair value of warrants accounted for as liabilities was determined on the date of issue and marks to market at each financial reporting period. The change in fair value of the warrant liability is recorded in the interim condensed consolidated statement of operations and comprehensive loss as a gain or loss and is estimated using the Binomial model.



**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**  
**For the Nine Months Ended March 31, 2018**

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The proceeds from the Offering are being used primarily for lease payments, acquisition payments, exploration and development at the Bunker Hill Mine and for general corporate and working capital purposes.

In connection with the Offering, the Agents received a cash fee in an amount equal to 8.0% of the gross proceeds of the Offering (excluding proceeds from certain president's list subscribers) and were granted common share purchase warrants (the "Broker Warrants") entitling them to subscribe for that number of Common Shares equal to 4.0% of the aggregate number of Units sold in the Offering (excluding Units sold to certain president's list subscribers). Each Broker Warrant is exercisable at a price equal to CDN\$2.00 for thirty-six months following its issuance. The Company issued an aggregate of 278,160 Broker Warrants to the Agents in connection with the Offering.

At March 31, 2018 there were 33,013,715 common shares issued and outstanding.

### **Warrants**

As of March 31, 2018, the Company had 4,340,320 warrants outstanding, all issued pursuant to the equity financing completed in December 2017 and described above.

### **Stock Options**

In December 2017, 100,000 options were granted to a consultant with a five-year life and an exercise price of CDN\$1.65. These options vested immediately and, using the Black Scholes option pricing method, had a value of CDN\$103,815, which value is expensed on as stock based compensation on the statement of operations. As at March 31, 2018, there were 2,391,000 stock options outstanding, exercisable at a weighted average exercise price of CDN\$1.01 per share. Of this total, 56,000 have an exercise price of \$0.1875 and expire on February 17, 2020, 2,235,000 have an exercise price of CDN\$1.00 and expire May 2, 2022 and 100,000 have an exercise price of CDN\$1.65 and expire December 13, 2022.

### **Note 5 – Commitments and Contingencies**

Effective June 1, 2017, the Company has a lease agreement for office space at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4. The 5-year lease provides for a monthly base rent of CDN\$12,964 for the first two years, increasing to CDN\$13,504 per month for years three through five. The Company has signed sub-leases with other companies that cover 78% of the monthly lease amount.

Pursuant to its Agreement for the lease and option to purchase the Bunker Assets, the Company made two \$500,000 bonus payments to Placer Mining. The 24-month lease was to commence November 1, 2017 but was deferred to December 1, 2017 and continues until October 31, 2019. The lease period can be extended by a further 12 months at the Company's discretion. During the term of the lease, the Company must make \$100,000 monthly mining lease payments, paid quarterly.

The Company has an option to purchase the Bunker Assets at any time before the end of the lease and any extension for a purchase price of \$25 million with purchase payments to be made over a ten-year period. Under terms of the agreement, there is a 3% net smelter return royalty ("NSR") on sales during the Lease and a 1.5% NSR on the sales after the purchase option is exercised, which post-acquisition NSR is capped at \$60 million.

In addition to the payments to Placer Mining, pursuant to an agreement with the United States Environmental Protection Agency ("EPA") whereby for so long as Bunker leases, owns and/or occupies the Bunker Hill Mine, the Company will make payments to the EPA on behalf of the current owner in satisfaction of the EPA's claim for cost recovery. Payments to the EPA will start with \$1 million 30 days after a fully ratified agreement is signed followed by \$2 million on November 1, 2018 and \$3 million on each of the next 5 anniversaries with a final \$2 million payment on November 1, 2024.

In addition to the above payments, the EPA will also be paid \$480,000 within 30 days after a fully ratified agreement is signed with the EPA and every six months thereafter for as long as Bunker leases, owns, and/or

**Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.)**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**  
**For the Nine Months Ended March 31, 2018**

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occupies the mine. These payments are for estimated ongoing water treatment costs which the Company agreed to begin payment upon commencement of the mine lease.

**Note 6 – Related Party Transactions**

Through November 30, 2017, each of Messrs. Bruce Reid (CEO), Julio DiGirolamo (CFO), Howard Crosby (Executive Vice President) and John Ryan (Director) received \$5,000 per month for services to the Company. Payments to Messrs., Crosby and Ryan continued at this rate through March 31, 2018. Commencing December 1, 2017, commensurate with the increased activities in the Company, Messrs. Reid and DiGirolamo's pay increased to \$20,000 and \$15,000 per month, respectively. In early December 2017, the Board approved and ratified compensation to Mr. Reid for unaccrued and unpaid salary and bonus, including for risk-capital sums advanced by Mr. Reid to the Company in order that the Company could complete many of its obligations and initiatives during 2017. The payment, totaling \$500,000 was accrued at December 31, 2017 and was paid in January 2018.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

CERTAIN STATEMENTS IN THIS REPORT, INCLUDING STATEMENTS IN THE FOLLOWING DISCUSSION, ARE WHAT ARE KNOWN AS "FORWARD LOOKING STATEMENTS", WHICH ARE BASICALLY STATEMENTS ABOUT THE FUTURE. FOR THAT REASON, THESE STATEMENTS INVOLVE RISK AND UNCERTAINTY SINCE NO ONE CAN ACCURATELY PREDICT THE FUTURE. WORDS SUCH AS "PLANS," "INTENDS," "WILL," "HOPES," "SEEKS," "ANTICIPATES," "EXPECTS" AND THE LIKE OFTEN IDENTIFY SUCH FORWARD LOOKING STATEMENTS, BUT ARE NOT THE ONLY INDICATION THAT A STATEMENT IS A FORWARD LOOKING STATEMENT. SUCH FORWARD LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING OUR PLANS AND OBJECTIVES WITH RESPECT TO THE PRESENT AND FUTURE OPERATIONS OF THE COMPANY, AND STATEMENTS WHICH EXPRESS OR IMPLY THAT SUCH PRESENT AND FUTURE OPERATIONS WILL OR MAY PRODUCE REVENUES, INCOME OR PROFITS. NUMEROUS FACTORS AND FUTURE EVENTS COULD CAUSE THE COMPANY TO CHANGE SUCH PLANS AND OBJECTIVES OR FAIL TO SUCCESSFULLY IMPLEMENT SUCH PLANS OR ACHIEVE SUCH OBJECTIVES, OR CAUSE SUCH PRESENT AND FUTURE OPERATIONS TO FAIL TO PRODUCE REVENUES, INCOME OR PROFITS. THEREFORE, THE READER IS ADVISED THAT THE FOLLOWING DISCUSSION SHOULD BE CONSIDERED IN LIGHT OF THE DISCUSSION OF RISKS AND OTHER FACTORS CONTAINED IN THIS REPORT ON FORM 10-Q AND IN THE COMPANY'S OTHER FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. NO STATEMENTS CONTAINED IN THE FOLLOWING DISCUSSION SHOULD BE CONSTRUED AS A GUARANTEE OR ASSURANCE OF FUTURE PERFORMANCE OR FUTURE RESULTS.

### **DESCRIPTION OF BUSINESS**

#### **The Corporation**

Bunker Hill Mining Corp. (Formerly Liberty Silver Corp.) (the "Company" or the "Corporation") was incorporated under the laws of the state of Nevada, U.S.A on February 20, 2007 under the name Lincoln Mining Corp. Pursuant to a Certificate of Amendment dated February 11, 2010, the Company changed its name to Liberty Silver Corp. On September 29, 2017, the Company changed its name to Bunker Hill Mining Corp. The Company's registered office is located at 1802 N. Carson Street, Suite 212, Carson City Nevada 89701, and its head office is located at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4, and its telephone number is 416-477-7771.

#### **Current Operations**

##### Overview

The Company was incorporated for the purpose of engaging in mineral exploration and development activities. On August 28, 2017, the Company announced that it signed a definitive agreement (the "Agreement") for the lease and option to purchase of the Bunker Hill Mine (the "Mine") in Idaho. The "Bunker Hill Lease with Option to Purchase" is between the Company and Placer Mining Corporation ("Placer Mining"), the current owner of the Mine.

Pursuant to its Agreement for the lease and option to purchase the Bunker Assets, the Company made two \$500,000 bonus payments to Placer Mining by December 31, 2017. The 24-month lease was to commence November 1, 2017, but has been deferred to December 1, 2017 and continues until October 31, 2019. The lease period can be extended by a further 12 months at the Company's discretion. During the term of the lease, the Company must make \$100,000 monthly mining lease payments, paid quarterly.

The Company has an option to purchase the Bunker Assets at any time before the end of the lease and any extension for a purchase price of 25 million with purchase payments to be made over a ten-year period. Under terms of the agreement, there is a 3% net smelter return royalty (“NSR”) on sales during the Lease and a 1.5% NSR on the sales after the purchase option is exercised, which post-acquisition NSR is capped at \$60 million.

In addition to the payments to Placer Mining, pursuant to an agreement with the United States Environmental Protection Agency (“EPA”) whereby for so long as Bunker leases, owns and/or occupies the Bunker Hill Mine, the Company will make payments to the EPA on behalf of the current owner in satisfaction of the EPA’s claim for cost recovery. Payments to the EPA will start with \$1 million 30 days after a fully ratified agreement is signed followed by \$2 million on November 1, 2018 and \$3 million on each of the next 5 anniversaries with a final \$2 million payment on November 1, 2024.

Management believes this lease and option will provide the Company time to both produce a mine plan and raise the money needed to move forward. Management also believes that this is a strong signal to the market that the Bunker Hill Mine is “back in business”. Management is now able to push forward and advance the time line to realizing shareholder value.

The Bunker Hill Mine was the largest producing mine in the Coeur d'Alene zinc, lead and silver mining district in northern Idaho. Historically, the mine produced over 35M tonnes of ore grading on average 8.76% lead, 3.67% zinc, and 155 g/t silver (Bunker Hill Mines Annual Report 1980).

The Company believes that there are numerous targets of opportunity left in the mine from top to bottom, and particularly on strike to the west where more recent past drilling has resulted in major discoveries such as the Quill body of mineralized material.

The Bunker Hill Mine is now the Company’s only focus, with a view to raising capital to rehabilitate the mine and put it back into production.

The Company was previously focused on exploring and developing the Trinity Silver property located in Pershing County, Nevada (the “Trinity Project”). The Trinity Project consists of a total of approximately 10,020 acres, including 5,676 acres of fee land and 253 unpatented mining claims located along the west flank of the Trinity Range in Pershing County, Nevada, about 25 miles by road northwest of Lovelock, NV, the county seat. The annual cost to maintain the 253 claims is approximately \$35,420 per year (\$140 per claim per year). In 2016, due to the lack of funding available to the Company, exploration progress was not on schedule with the Company’s exploration and evaluation plan and, as a result of these circumstances, the related carrying value of the properties may not be recoverable. The Company therefore recorded an impairment charge related to the Trinity Project and reduced its carrying amount of the Trinity Project to \$1 on the balance sheet for the fiscal years ended June 30, 2017 and 2016.

The Company did not commence development stage activities, but with adequate resources previous Management intended on: (i) expanding the known mineralized material through drilling, (ii) permitting for operation, if deemed economically viable, (iii) conducting metallurgical studies aimed at enhancing the recovery of the silver and by-product lead and zinc, and (iv) prepare an engineering design related to potential construction of a new mine. Exploration of the property would be conducted simultaneously with the mine development in order to locate additional mineralized materials.

With the Company’s Management focused on the Bunker Hill Mine, in September 2017, the Company agreed to relinquish its rights to the Trinity Project to Renaissance Exploration, Inc., its project partner, in return for releasing the Company from all past and future obligations.

### Products

The Bunker Hill Mine is a Zinc-Silver-Lead Mine. When back in production, the Company will mill mineralized material on-site or at a local third-party mill and plans to produce concentrates to be shipped to third party smelters for processing.

The Company will continue to explore the property with a view to proving resources.

## Infrastructure

The acquisition of the Bunker Hill mine includes all mining rights and claims, surface rights, fee parcels, mineral interests, easements, existing infrastructure at Milo Gulch, and the majority of machinery and buildings at the Kellogg Tunnel portal level, as well as all equipment and infrastructure anywhere underground at the Bunker Hill Mine Complex. The acquisition also includes all current and historic data relating to the Bunker Hill Mine Complex, such as drill logs, reports, maps, and similar information located at the mine site or any other location.

## Government Regulation and Approval

The current exploration activities and any future mining operations are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine construction, and protection of endangered and protected species. The Company has made, and expects to make in the future, significant expenditures to comply with such laws and regulations. Future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's financial condition or results of operations.

It is anticipated that it may be necessary to obtain the following environmental permits or approved plans prior to commencement of mine operations:

- Reclamation and Closure Plan
- Water Discharge Permit
- Air Quality Operating Permit
- Industrial Artificial (tailings) pond permit
- Obtaining Water Rights for Operations

## Property Description

The Company's agreement with Placer Mining Corporation includes mineral rights to 434 patented mining claims covering 5769.467 acres of those 35 include surface ownership over approximately 259.1 acres. The transaction also includes certain parcels of fee property which includes mineral and surface rights but are not patented mining claims. Mining claims and fee properties are located in Townships 47, 48 North, Range 2 East, Townships 47, 48 North, Range 3 East, Boise Meridian, Shoshone County, Idaho. The agreement specifically excludes the following: the Machine Shop Building and Parcel, including all fixed equipment located inside the building and personal property located upon the parcel; unmilled ore on deck and residual lead/zinc ore mined and broken, but not removed from the Bunker Hill Mine; the historic Caledonia Mine; the Crystal Vug; and the Silver Ridge exploration property.

Surface rights were originally owned by various previous owners of the claims until the acquisition of the properties by Bunker Limited Partners ("BLP"). BLP sold off surface rights to various parties over the years while maintaining access to conduct mining operations and exploration activities as well as easements to a cross over and access other of its properties containing mineral rights. Said rights were reserved to its assigns and successors in continuous perpetuity. Idaho Law also allows mineral right holders access to mine and explore for minerals on properties to which they hold minerals rights.

Title to all patented mining claims included in the transaction was transferred from Bunker Hill Mining Co. (U.S.) Inc. by Warranty Deed in 1992. The sale of the property was properly approved of by the U.S. Trustee and U.S. Bankruptcy Court.

Over 90% of surface ownership of patented mining claims not owned by Placer Mining Corp. is owned by different landowners. These include: Stimpson Lumber Co.; Riley Creek Lumber Co.; Powder LLC.; Golf LLC.; C & E Tree Farms; and Northern Lands LLC.

Patented mining claims in the State of Idaho do not require permits for underground mining activities to commence on private lands. Other permits associated with underground mining may be required, such as water discharge and site disturbance permits. The water discharge is being handled by the EPA at the existing water

treatment plant. The Company expects to take on the water treatment responsibility in the future and obtain an appropriate discharge permit. If the Company is able to purchase the EPA's water treatment plant the water discharge permit comes along with the water treatment plant.

### Competition

The Company competes with other mining and exploration companies in connection with the acquisition of mining claims and leases on zinc and other base and precious metals prospects as well as in connection with the recruitment and retention of qualified employees. Many of these companies are much larger than the Company, have greater financial resources and have been in the mining business for much longer than it has. As such, these competitors may be in a better position through size, finances and experience to acquire suitable exploration and development properties. The Company may not be able to compete against these companies in acquiring new properties and/or qualified people to work on its current project, or any other properties that may be acquired in the future.

Given the size of the world market for base precious metals such as silver, lead and zinc, relative to the number of individual producers and consumers, it is believed that no single company has sufficient market influence to significantly affect the price or supply of these metals in the world market.

### Employees

The Company is currently managed by Bruce Reid, President and CEO; Julio DiGirolamo, Chief Financial Officer; and Howard Crosby, Executive Vice President.

### **Completed Work and Future Plan of Operations**

The Company has undertaken a due diligence program to assure itself of the viability of a restart of the Bunker Hill Mine. This necessitated an extensive review of the records that were present primarily at the Bunker Hill Mine offices. At those offices there are tens of thousands of pages of reports and records which detail the operations of the mine from its earliest days to the time of the shutdown in 1991 by BLP.

In addition to reports, there are several thousand historical maps of all scales and sizes as well as historical mineral diagrams which detail the mineral bodies that remained in the mine at the time of closure in January, 1991. These reports are not compliant with Canada National Instrument 43-101 and cannot be used for the purposes of establishing reserves pursuant to that standard.

The Company has satisfied itself that there is a large amount of zinc/lead/silver materials in numerous mineralized zones remaining within the Bunker Hill Mine. The Company is now developing a plan to bring a number of these zones into N.I. 43-101 compliance through new sampling and drilling programs. The Company has identified several zones as having highest priority. The Company has prioritized zones capable of providing the nearest term production as priority, these being the UTZ Zone, the Newgard Zone and the South Newgard Zone. These three mineral zones will be the first to be N.I. 43-101 verified and will provide the majority of the early feed upon mine start-up.

The Bunker Hill Mine main level is termed the nine level and is the largest level in the mine and is connected to the surface by the approximately 12,000 foot-long Kellogg Tunnel. Three major inclined shafts with associated hoists and hoistrooms are located on the nine level. These are the No. 1 shaft, which is used for primary muck hoisting in the main part of the mine; the No. 2 shaft, which is a primary shaft for men and materials in the main part of the mine; and the No. 3 Shaft, which is used for men, materials and muck hoisting for development in the northwest part of the mine.

The top stations of these shafts and the associated hoistrooms and equipment have all been examined by Company personnel and are in moderately good condition. The Company believes that all three shafts remain in a condition that they are repairable and can be brought back into good working order over the next few years.

The water level in the mine is held at approximately the ten level of the mine, roughly 200 feet below the nine level. The mine was historically developed to the 27 level, although the 25 level was the last major level that underwent significant development and past mining.

The southeastern part of the mine was historically serviced by the Cherry Raise, which consisted of a two-compartment shaft with double drum hoisting capability that ran at an incline up from the nine level to the four level. The central part of the mine was serviced upward by the Last Chance Shaft from the nine level to the historic three or four level. Neither the Cherry Raise or the Last Chance shaft are serviceable at this time. However, the upper part of the mine from nine level up to the four level has been developed by past operators by a thorough-going rubber tire ramp system, which is judged to be about 65% complete.

The Company has already repaired the first several thousand feet of the Russell Tunnel, which is a large rubber tire capable tunnel with an entry point at the head of Milo Gulch. This tunnel will provide early access to the UTZ and Newgard/South Newgard mineral zones. The Company has inspected a great deal of the ramp system between the nine level and the four level, and the ramps are in good shape with only minor repair and rehabilitation needed. The Company has made development plans to provide interconnectivity of the ramp system from the Russell Tunnel at the four level down to the nine level. Thus rubber-tired equipment will be used for mining and haulage throughout the upper mine mineral zones, which have already been identified, and for newly found zones.

The Kellogg Tunnel will be used as a tracked rail haulage tunnel for supply of men and materials into the mine and for haulage of mined material out of the mine. Historically the Kellogg Tunnel (or "KT" for short) was used in this manner when the mine was producing upwards of 3000 tons per day of mined material. The Company has inspected the KT for its entire length and has determined that significant timbered sections of the tunnel will need extensive repairs. These are areas that intersect various faults passing through the KT at normal to oblique angles and create unstable ground.

The Company has also determined that all of the track, as well as spikes, plates and ties holding the track will need to be replaced. Additionally, the water ditch that runs parallel to the track will need to be thoroughly cleaned out and new timber supports and boards that keep the water contained in its path will need to be installed. All new water lines, compressed air lines and electric power feeds will also need to be installed. The total cost estimate for this KT work is still in process at the time of the date of this report, but the time estimate for these repairs is approximately eighteen months.

It is anticipated that earliest production will come from the upper levels of the mine where company personnel have observed mining faces of mineralized material that are readily mineable, as they were left behind by past operators in a more or less fully developed state. These upper mineralized material zones could achieve limited mining at perhaps a rate of 500 tons per day by haulage out through the Russell Tunnel and then trucked from the Milo Gulch landing to one or more potential nearby custom milling facilities.

The Company believes that the potential does exist for early production by shipping mineralized material to a custom mill. The Company has undertaken discussions with mill owners, but such discussions are still at an early stage and there is no guarantee that they will result in a positive outcome. Longer term, the Company anticipates constructing its own milling facility. Initially the mill capacity is anticipated to be 1,500 tons per day and designed for ready expansion when needed.

The Company has identified multiple tailings disposal sites to the west-northwest of the mine. Ultimately the Company believes there are several options available for tailings disposal. With pragmatic use of the existing identified sites, the Company is confident in its ability to obtain tailings disposal adequate for approximately ten years of production. Down the road, alternatives may involve the use of "dry stack" tailings disposal.

As noted above, the E.P.A. for several decades has provided mine water treatment services for the Bunker Hill Mine. When the Company begins its lease of the mine, it is planned that the E.P.A. will be providing water treatment services under contract with the Company and such services will continue for at least five years or more. Although no firm agreement has yet been reached, recent discussions with the E.P.A. also indicate that overflows from the mill or decant from the tailings facilities could also be treated at the water treatment plant under the same treatment contract.

If all of the mine water, mill outflows, and tailings discharges can be treated by the E.P.A. treatment plant as currently contemplated, the Company will be initially relieved of the need to obtain a water discharge permit.

This will simplify the permitting required to return the mine to production and to build a mill and associated tailings ponds because a water discharge permit is often a difficult permit to obtain and is highly dependent on the characteristics of the surrounding watersheds and the capacity of these watersheds to tolerate additional discharges.

Upon initiating mine production from the UTZ, Newgard, and South Newgard zones at rates of approximately 1500 tons per day, the Company would anticipate mining approximately 450,000 tons per year of material. The three aforementioned zones are believed to have sufficient mineral to supply the Company mining needs for at least five years and beyond.

Once the repairs are completed to the Kellogg Tunnel, mineralized material haulage will be able to immediately occur out of this tunnel, which will enhance the production capabilities of the mine by several magnitudes. Some mineralized material will continue to be transported by rubber-tired equipment directly out the Russel Tunnel, but the majority of mineralized material will be dropped down existing internal passes and be hauled out of the KT on rail. By this time in the restart program the Company would expect to be in production at around 1500 tons per day, which is approximately the planned mill capacity. If all items proceed as planned, the Company believes a steady state production of 1,500 tons per day is achievable in approximately 36 months from the time of takeover of operations.

Additionally, once the KT repairs are completed, work on the repairs of the shafts and hoists can proceed with greater speed and the lower levels of the mine can be dewatered. The shaft work and pumping should commence at about year two of mine operations. Additionally, exploration and development work can begin on a major zinc mineral body, the “Quill”, which is already partly developed between the nine level and the fifteen level of the mine. This mineral body is expected to be in excess of 4 million tons of mineralized material and is primarily zinc.

Numerous other past-producing mineral bodies will begin to be revealed as the water levels are lowered and the mine is drained to the fullest. Some of these mineral bodies are lead-silver rich zones such as the Emery, Shea, Veral and the “J”, while others will add more material containing zinc such as the Tallon, Rosco, or Tony, while still others are best described as polymetallic such as the New Landers or the Francis.

The Company geologists and engineering personnel have studied the past records thoroughly and conclude that very good exploration and discovery potential exists at depth on downward rakes of known structures. Strata-bound zones such as the Newgard, Quill and Tallon await drilling to the west, while both the southeast and northwest limits of the main original Bunker Hill structure, in the heart of the Cate/Dull fault system, still remain viable as targets for future discovery of new mineral bodies or extensions of past mined structures.

### **Technical Report**

As noted, the Company currently has in its possession, and has had access to, numerous historical technical reports that were completed in the past by highly qualified parties. The company does not currently have a technical report on the Bunker Hill Mine that is compliant with Canada National Instrument 43-101. The Company anticipates completing a compliant report within 3 to 4 months of the filing of this report, which will cover mineral zones that are adequately assessable for sampling and drilling. As repairs and improvements are made, additional mineral zones will be opened and subsequently drilled and sampled, and the resulting date will be used from time to time to update the N.I. 43-101 report as needed.

### **Subsequent Events**

There are no subsequent events to report at this time.

## **RESULTS OF OPERATIONS**

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operation and financial condition for the three and nine months ended March 31,



2018 as compared to the three and nine months ended March 31, 2017. Unless otherwise stated, all figures herein are expressed in U.S. dollars, which is the functional currency of the Company.

## **Results of Operations for the three months ended March 31, 2018 compared to the three months ended March 31, 2017.**

### Revenue

During the three and nine-month periods ended March 31, 2018 and 2017, the Company generated no revenue.

### Operating expenses

During the three-month period ended March 31, 2018, the Company reported total operating expenses of \$1,618,052 compared to \$403,500 during the three-month period ended March 31, 2017, an increase of \$1,214,552. The increase results from activities related to the Bunker Hill Mine, activities that did not exist in the previous year. This includes an increase in property and exploration costs of approximately \$638,186 and an increase in operation and administrative expenses of \$676,322 for the three months ended March 31, 2018 compared to the same period ended March 31, 2017. Administrative expenses have increased due to the Company being active once again after having been delisted and relatively inactive for some years.

For financial accounting purposes, the Company expenses all property lease payments and exploration expenditures in the statement of operations. During the interim period ended March 31, 2018, activities were carried out on the Bunker Hill mine and payments made on account of the lease.

Consulting, legal and accounting, and operation and administration expenses increased due to the Company's new life with commensurate management and legal activity towards corporate "clean up", investor relations and public relations work, as well as work related to acquiring and evaluating the Bunker Hill mine.

### Net loss and comprehensive loss

The Company had a net loss and comprehensive loss of \$1,583,056 for the three months ended March 31, 2018, compared to a net loss and comprehensive loss of \$401,113 for the three months ended March 31, 2017, a change of \$1,181,943. The increase in net loss and comprehensive loss was due to increased corporate activities as described above.

The Company has accounted for the warrant liability in accordance with ASC Topic 815. These warrants are considered derivative instruments as they were issued in a currency other than the Company's functional currency of the US dollar. The estimated fair value of warrants accounted for as liabilities was determined on the date of issue and marks to market at each financial reporting period. The change in fair value of the warrant is recorded in the condensed consolidated statement of operations and comprehensive loss as a gain or loss and is estimated using the Binomial model. In the quarter ended March 31, 2018, the Company recorded a change in the value of the derivative liability of \$27,794 in the current quarter, something that was not present in the comparative period.

The proceeds from the Offering are being used primarily for lease payments, acquisition payments, exploration and development at the Bunker Hill Mine and for general corporate and working capital purposes.

## **ANALYSIS OF FINANCIAL CONDITION**

### **Liquidity and Capital Resources**

The Company does not currently have sufficient working capital needed to meet its planned expenditures and obligations. In order to execute on its plans, continue to meet its fiscal obligations in the current fiscal year and beyond the next twelve months, the Company must seek additional financing. Management will be pursuing a financing by way of issuing new common shares or various other financing alternatives.

In December 2017, Bunker announced that it closed a private placement led by Red Cloud Klondike Strike Inc. and including Haywood Securities Inc. (collectively, the "Agents") to raise gross proceeds of C\$10,155,400 (the "Offering"). Pursuant to the Offering, the Company issued 8,124,320 units (the "Units") at a price of C\$1.25 per Unit. Each Unit is comprised of one common share of the Company (a "Common Share") and one half of one

transferable common share purchase warrant (a "Warrant"), each Warrant having a three-year life and entitling the holder thereof to acquire one Common Share at a price of C\$2.00.

The proceeds from the Offering are being used primarily for lease payments, acquisition payments, exploration and development at the Bunker Hill Mine and for general corporate and working capital purposes.

In connection with the Offering, the Agents received a cash fee in an amount equal to 8.0% of the gross proceeds of the Offering (excluding proceeds from certain president's list subscribers) and were granted common share purchase warrants (the "Broker Warrants") entitling them to subscribe for that number of Common Shares equal to 4.0% of the aggregate number of Units sold in the Offering (excluding Units sold to certain president's list subscribers). Each Broker Warrant is exercisable at a price equal to C\$2.00 for thirty-six months following its issuance. The Company issued an aggregate of 278,160 Broker Warrants to the Agents in connection with the Offering. The proceeds from the Offering are being used primarily for lease payments, acquisition payments, exploration and development at the Bunker Hill Mine and for general corporate and working capital purposes.

#### ***Current Assets and Total Assets***

As of March 31, 2018, the unaudited balance sheet reflects that the Company had: i) total current assets of \$2,674,485, compared to total current assets of \$822,178 at June 30, 2017, an increase of \$1,852,307, or approximately 225%; and ii) total assets of \$2,774,956, compared to total assets of \$1,131,195 at June 30, 2017, an increase of \$1,643,761, or approximately 145%. The increases resulted from the financing completed in December 2017 (noted above) net of expending cash over the period ended March 31, 2018.

#### ***Total Current Liabilities and Total Liabilities***

As of March 31, 2018, the unaudited balance sheet reflects that the Company had total current liabilities and total liabilities of \$228,435, compared to total current liabilities and total liabilities of \$418,333 at June 30, 2017, a decrease of \$189,898, or approximately 45%.

In December 2017, the Company recorded a long-term Derivative Liability representing the value of the warrants issued and included in the units associated with the financing completed and described above. The Company has accounted for the warrant liability in accordance with ASC Topic 815. These warrants are considered derivative instruments as they were issued in a currency other than the Company's functional currency of the US dollar. The estimated fair value of warrants accounted for as liabilities was determined on the date of issue and marks to market at each financial reporting period. The change in fair value of the warrant is recorded in the condensed consolidated statement of operations and comprehensive loss as a gain or loss and is estimated using the Binomial model.

#### ***Cash Flow – for the interim periods ended March 31, 2018 and 2017***

During the nine months ended March 31, 2018 cash was primarily used to fund working capital and operations as well as property payments. The Company reported a net increase in cash of \$1,467,700 during the nine months ended March 31, 2018 compared to a net increase in cash of \$929,783 during the nine months ended March 31, 2017. The following provides additional discussion and analysis of cash flow.

<b>For the nine months ended March 31,</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Net cash used in operating activities	<b>(5,621,089)</b>	(539,219)
Net cash provided by investing activities	<b>(95,252)</b>	---
Net cash provided by financing activities	<b>7,184,041</b>	1,469,002
<b>Net Change in Cash</b>	<b>1,467,700</b>	<b>929,783</b>

## **Going Concern**

These unaudited interim condensed consolidated financial statement filings have been prepared on the going concern basis, which assumes that adequate sources of financing will be obtained as required and that the Company's assets will be realized, and liabilities settled in due course of business. Accordingly, the interim condensed consolidated unaudited financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern. The going concern assumption is discussed in the financial statements *Note 1 – Basis of Presentation and Going Concern*.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not Applicable.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean a company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are designed to provide reasonable assurance of achieving the objectives of timely alerting them to material information required to be included in the Company's periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported within the time periods specified. The Company's Chief Executive Officer and Chief Financial Officer also concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance of the achievement of these objectives.

### **Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting during the period ended March 31, 2018, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

The Company is currently a party to litigation, which it initiated against Liberty International Underwriters, Inc., the underwriter of its directors and officer's liability insurance. The case is captioned: Liberty Silver Corp. v. Liberty International Underwriters, Court File No. CV-15-529239 and was filed on May 29, 2015, in the Ontario Superior Court of Justice. In this legal action, the Company is seeking payment of legal fees incurred in connection with SEC and OSC cease trade orders. In connection with the substantial legal fees incurred by the Company with various law firms, the Company has entered into an assignment agreement (the "Assignment Agreement") with the various law firms that are owed these fees. Pursuant to the Assignment Agreement, the Company has irrevocably assigned the net proceeds of the Company's action against the insurance underwriter to each of the law firms that are owed fees in connection with the SEC and OSC cease trade orders. Each of the law firms have agreed, pursuant to the terms of the Assignment Agreement, to fully and finally release the Company from any and all claims, demands and causes of action, in respect of the accounts rendered by the law firms.

Neither the Company nor its property is the subject of any other pending legal proceedings, and no other such proceeding is known to be contemplated by any governmental authority. The Company is not aware of any other legal proceedings in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of the Company's voting securities, or any associate of any such director, officer, affiliate or security holder of the Company, is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

### **ITEM 1A. RISK FACTORS.**

Not Applicable.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Not Applicable.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES.**

The enacted Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act") requires the operators of mines to include in each periodic report filed with the Securities and Exchange Commission certain specified disclosures regarding the Company's history of mine safety. The Company currently does not operate any mines and, as such, is not subject to disclosure requirements regarding mine safety that were imposed by the Act.

### **ITEM 5. OTHER INFORMATION.**

Not Applicable.

**ITEM 6. EXHIBITS.**

(a) The following exhibits are filed herewith:

- 31.1 Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101. SCH XBRL Schema Document.
- 101. INS XBRL Instance Document.
- 101. CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101. LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101. PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 101. DEF XBRL Taxonomy Extension Definition Linkbase Document.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: /s/ Bruce Reid  
Bruce Reid, President and Chief Executive Officer

Date: April 15, 2018

By: /s/ Julio DiGirolamo  
Julio DiGirolamo, Chief Financial Officer

Date: April 15, 2018