

**LEVON RESOURCES LTD.**  
(An Exploration Stage Company)

**Condensed Interim Consolidated Financial Statements - Unaudited**

**For the three and six months ended September 30, 2018**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	<b>September 30, 2018</b>	<b>March 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,922,361	\$ 572,260
Amounts receivable	12,244	12,474
Prepaid expenses	161,891	263,342
Investments (Note 4)	60,233	5,204,366
	<u>2,156,729</u>	<u>6,052,442</u>
<b>Non-current assets</b>		
Prepaid expenses	-	31,250
Reclamation deposits (Note 5)	32,629	32,629
Value added tax receivable (Note 6)	1,770,381	1,805,310
Exploration and evaluation assets (Note 7)	50,000,000	50,000,000
Property and equipment	12,899	13,995
	<u>53,972,638</u>	<u>57,935,626</u>
<b>Total Assets</b>	<b>\$ 53,972,638</b>	<b>\$ 57,935,626</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 36,038	\$ 149,909
Due to related parties	-	29,707
	<u>36,038</u>	<u>179,616</u>
<b>Total Liabilities</b>	<b>36,038</b>	<b>179,616</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	71,201,127	73,529,602
Contributed surplus	1,476,158	1,476,158
Deficit	(18,740,685)	(17,249,750)
	<u>53,936,600</u>	<u>57,756,010</u>
<b>Total Equity</b>	<b>53,936,600</b>	<b>57,756,010</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 53,972,638</b>	<b>\$ 57,935,626</b>

Approved on behalf of the Board:

*"Edward Karr"*

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**Director**

*"Ron Tremblay"*

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**Director**

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Three months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017
		(restated –note 3)		(restated –note 3)
<b>Expenses</b>				
Consulting and management fees (Note 9)	\$ 198,175	\$ 211,953	\$ 407,974	\$ 438,763
Exploration (Notes 7 and 9)	301,165	895,902	461,714	1,369,442
General exploration (Notes 7(d) and 8)	52,430	6,585	77,254	14,981
Listing and filing fees	2,811	2,516	21,095	21,311
Office, occupancy and miscellaneous	21,831	31,851	53,480	65,576
Professional fees	35,272	3,238	66,541	39,188
Share-based payments (Note 8)	-	8,658	-	30,214
Shareholder relations and promotion	93,936	25,135	180,155	54,196
Travel	9,840	16,759	27,281	24,494
	\$ (715,460)	\$ (1,202,597)	\$ (1,295,494)	\$ (2,058,165)
Finance income	555	29,762	555	31,076
Change in fair value of investments	342,987	59,017	(132,971)	(319,514)
Foreign exchange income (loss)	80,930	(179,586)	(63,025)	(199,950)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (290,988)</b>	<b>\$ (1,293,404)</b>	<b>\$ (1,490,935)</b>	<b>\$ (2,546,553)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>125,226,452</b>	<b>121,671,693</b>	<b>125,421,110</b>	<b>121,671,693</b>

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

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian Dollars)**

	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
<b>At March 31, 2017</b>						
<b>(as reported)</b>	121,671,693	\$ 72,461,530	\$ 1,394,091	\$ 92,058	\$ (11,443,914)	\$ 62,503,765
Adjustment on initial adoption on IFRS 9 (note 3)	-	-	-	(92,058)	92,058	-
<b>At March 31, 2017 (restated)</b>	121,671,693	\$ 72,461,530	\$ 1,394,091	-	(11,351,856)	\$ 62,503,765
Share-based payments	-	-	30,214	-	-	30,214
Net loss for the period	-	-	-	-	(2,546,553)	(2,546,553)
<b>At September 30, 2017</b>						
<b>(restated)</b>	121,671,693	\$ 72,461,530	\$ 1,424,305	\$ -	\$ (13,898,409)	\$ 59,987,426
Common share units issued in equity financing	2,571,214	683,857	216,068	-	-	899,925
Exercise of stock options	1,375,000	384,215	(164,215)	-	-	220,000
Share-based payments	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(3,351,341)	(3,351,341)
<b>At March 31, 2018 (restated)</b>	125,617,907	\$ 73,529,602	\$ 1,476,158	\$ -	\$ (17,249,750)	\$ 57,756,010
Common shares of Levon received as consideration on sale of asset and subsequently cancelled	(9,003,467)	(2,328,475)	-	-	-	(2,328,475)
Net loss for the period	-	-	-	-	(1,490,935)	(1,490,935)
<b>At September 30, 2018</b>	116,614,440	\$ 71,201,127	\$ 1,476,158	\$ -	\$ (18,740,685)	\$ 53,936,600

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

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	<b>Six months ended September 30, 2018</b>	<b>Six months ended September 30, 2017</b>
		(restated – note 3)
<b>Operating activities</b>		
Net loss for the period	\$ (1,490,935)	\$ (2,546,553)
Items not involving cash:		
Depreciation	1,096	3,737
Share-based payments (Note 8)	-	30,214
Change in fair value of investments	132,971	319,514
Unrealized foreign exchange	56,552	209,188
Changes in non-cash working capital items:		
Amounts receivable	(22,105)	(58,927)
Prepaid expenses and deposits	132,686	(251)
Accounts payable and accrued liabilities	(109,492)	51,345
Due to related parties	(29,707)	(29,081)
<b>Cash used in operating activities</b>	<b>(1,328,934)</b>	<b>(2,020,814)</b>
<b>Investing activities</b>		
Proceeds from disposal of investments (Note 4)	2,682,687	-
<b>Cash provided by investing activities</b>	<b>2,682,687</b>	<b>-</b>
<b>Foreign exchange effect on cash</b>	<b>(3,652)</b>	<b>(138,526)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,350,101</b>	<b>(2,159,340)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>572,260</b>	<b>3,096,105</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 1,922,361</b>	<b>\$ 936,765</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 1,922,361	\$ 187,661
Cash equivalents	-	749,104
	<b>\$ 1,922,361</b>	<b>\$ 936,765</b>
<b>Supplemental cash flow information</b>		
Interest received	\$ 555	\$ 34,699

Non-cash transaction (Notes 4 and 8)

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Levon Resources Ltd. (the “Company” or “Levon”) was incorporated under the *Business Corporations Act* (British Columbia) on February 18, 2015. The Company is an exploration stage public company whose principal business activities are the exploration for and development of exploration and evaluation properties in Mexico. There have been no significant revenues generated from these activities to date. The address of the Company’s registered office is Suite 500 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

These condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company’s ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

### **Basis of presentation**

These condensed interim consolidated financial statements are expressed in Canadian dollars, the Company’s functional currency, and have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

Except as noted in Note 3, the accounting policies set out in Note 3 of the Company’s audited financial statements as at and for the year ended March 31, 2018, have been applied in preparing these condensed interim consolidated financial statements.

### **Approval of the condensed interim consolidated financial statements**

These condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 13, 2018.

### **3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2018**

#### **a) IFRS 9 – Financial Instruments**

The Company adopted IFRS 9 on April 1, 2018 in accordance with the transitional provisions of the standard, applying a full retrospective approach in restating our prior period financial information. The Company has elected not to adopt the hedging requirements of IFRS 9 at this time but may adopt them in a future period.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss (“FVTPL”); (ii) those measured at fair value through other comprehensive income (“FVOCI”); and (iii) those measured at amortized cost. The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial assets are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial assets. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The key changes to Company’s accounting policies resulting from the adoption of IFRS 9 are summarized below.

#### **Classification of Financial Assets and Financial Liabilities:**

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at April 1, 2018 for each class of the Company’s financial assets and financial liabilities:

<b>Financial Asset/Liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Loans and receivable (amortized cost)	Amortized cost
Investments	Available for sale	FVTPL
Value added tax receivable	Loans and receivable (amortized cost)	Amortized cost
Reclamation deposits	Loans and receivable (amortized cost)	Amortized cost
Accounts payables	Other financial liabilities (amortized cost)	Amortized cost
Due to related parties	Other financial liabilities (amortized cost)	Amortized cost
Deposit liabilities	Other financial liabilities (amortized cost)	Amortized cost

**3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2018 (continued)**

There has been no change in the carrying value of the Company's financial instruments resulting from the changes to the measurement categories in the table noted above.

We did not make the irrevocable classification choice to record fair value changes on our portfolio of marketable equity securities through other comprehensive income which differs from our accounting policy prior to adoption. Upon adoption of IFRS 9 on April 1, 2018, the Company reclassified \$Nil related to unrealized gains on the change in fair value of marketable equity securities from accumulated other comprehensive income to deficit as at March 31, 2018 (March 31, 2017 - \$92,058). Subsequent changes in the fair value of marketable securities will be recorded in net income (loss).

For the three and six months ended September 30, 2017, we reclassified \$51,344 and \$(1,059), respectively, from other comprehensive income (loss) to net loss.

- For the three months ended September 30, 2017, impairment of investments of \$Nil in net loss and \$59,017 in unrealized gains in other comprehensive income as originally reported as of September 30, 2017 were restated as a gain from the change in fair value of investments of \$59,017 in net loss.

Also, deferred income recovery of \$7,673 in net loss and \$7,673 deferred income tax expense in other comprehensive income as originally reported as of September 30, 2017 resulted in a restated \$Nil balance in net loss.

- For the six months ended September 30, 2017, impairment of investments of \$318,298 in net loss and \$1,216 in unrealized losses in other comprehensive loss as originally reported as of September 30, 2017 were restated as a loss from the change in fair value of investments of \$319,514 in net loss.

Also, deferred income expense of \$157 in net loss and \$157 deferred income tax recovery in other comprehensive loss as originally reported as of September 30, 2017 resulted in a restated \$Nil balance in net loss.

**Measurement:**

***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

***Financial assets at FVOCI***

Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

**3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2018 (continued)**

***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

***Impairment of financial assets at amortized cost***

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$nil as at September 30, 2018 and March 31, 2018.

**b) IFRS 15 – Revenue Recognition**

The Company has adopted all the requirements of IFRS 15 as of April 1, 2018. IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue, which had no impact on the Company's consolidated financial statements.

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**4. INVESTMENTS**

The table below summarizes the Company's investments.

	September 30, 2018	March 31, 2018
<b>Marketable Equity Securities</b>		
<b>- Measured at Fair Value Through Profit and Loss</b>		
Pershing Gold Corporation	\$ -	\$ 5,114,017
Great Thunder Gold Corp.	60,233	90,349
	<b>\$ 60,233</b>	<b>\$ 5,204,366</b>

The table below summarizes the investment activity for the period.

	Six months ended September 30, 2018
<b>Balance – March 31, 2018</b>	\$ 5,204,366
Proceeds from disposal of investments - cash	(2,682,687)
Proceeds from disposal of investments - shares of the Company (Note 8)	(2,328,475)
Change in fair value of investments	(132,971)
<b>Balance – September 30, 2018</b>	<b>\$ 60,233</b>

**5. RECLAMATION DEPOSITS**

The Company has pledged specified term deposits as security for reclamation permits, as required by certain government agencies. The Company has a varying number of deposits on hand ranging from \$1,000 to \$6,000 with maturity dates ranging from October 31, 2018 to September 19, 2019, with interest rates from 0.45% to 0.6%. These deposits are renewed annually.

**6. VALUE ADDED TAX RECEIVABLE**

VAT or "Impuesto al Valor Agregado" ("IVA") receivables are generated on the purchase of supplies and services by the Company's Mexican subsidiaries and are refundable from the Mexican government. As at September 30, 2018, the amount of VAT due from the Mexican tax authorities is \$1,770,381 (March 31, 2018 - \$1,805,310).

The Company's Mexican subsidiaries have tax assessments of earlier tax years still open and disputed by the tax authorities. The Company continues to defend itself, and has engaged legal counsel to advise and assist the Company in response to these tax audits. On August 24, 2018, the Mexican tax authorities concluded an audit for the 2013 tax year for one of the subsidiaries, and issued sanctions and penalties totaling approximately \$309,000 (MXN \$4,473,739). The Company has initiated court proceedings in defense of these sanctions. No amounts have been recorded for any potential liability arising from the 2013 tax audit as the Company cannot reasonably predict the outcome of the court proceedings, although, the opinion of the legal counsel is the Company has a good chance of success. The Company has not recognized an impairment against the VAT receivable as of September 30, 2018.

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**7. EXPLORATION AND EVALUATION ASSETS**

The Company has capitalized the following acquisition expenditures:

	<b>Cordero</b>
<b>Balance, September 30, 2018 and March 31, 2018</b>	<b>\$ 50,000,000</b>

The Company incurred the following exploration expenditures, which were expensed in the consolidated statements of operations and comprehensive loss for the three and six month periods ended September 30, 2018 and 2017:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017
<b>Cordero (Note 7(a))</b>				
Drilling and exploration	\$ 18,938	\$ 613,930	\$ 36,189	\$ 900,340
Geological and management services	86,409	89,898	207,522	246,598
Mining rights	173,541	166,332	173,541	166,332
Payroll and general supplies	22,277	25,742	44,462	56,172
	<b>\$ 301,165</b>	<b>\$ 895,902</b>	<b>\$ 461,714</b>	<b>\$ 1,369,442</b>

**(a) Cordero Sanson**

The Cordero property is located near Hidalgo Del Parral, Chihuahua, Mexico. The Cordero mining claims are comprised of claims wholly owned by VHV by agreement with long-standing ranch families and small local mining companies, and certain other claims that were staked by the Company.

**(b) Congress claims**

The Company owns a 50% leasehold interest in certain claims in the Lillooet Mining Division, British Columbia.

**(c) Wayside claims**

The Company owns certain mineral claims in the Lillooet Mining Division, British Columbia.

**(d)** During the three and six month periods ended September 30, 2018, the Company also incurred general exploration expenditures of \$52,430 (2017 - \$6,585) and \$77,254 (2017 - \$14,981), respectively, in connection with its exploration properties, and due diligence and exploration on mining projects.

**Realization of assets**

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

**7. EXPLORATION AND EVALUATION ASSETS (continued)**

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

**Title to exploration and evaluation assets**

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

**Environmental**

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**8. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Issued**

There were no common shares issued during the six month periods ended September 30, 2018 and 2017.

During the quarter ended September 30, 2018, the Company received \$2,328,475 in consideration in the form of 9,003,467 common shares of Levon as part of the proceeds received from the sale of investments (Note 4). The 9,003,467 common shares of Levon were returned to Treasury and cancelled on September 26, 2018.

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**8. SHARE CAPITAL (continued)**

**Share Purchase Warrants**

There was no share purchase warrant activity during the six month periods ended September 30, 2018 and 2017.

A summary of share purchase warrants issued and outstanding as at September 30, 2018, and March 31, 2018, is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding September 30, 2018</b>	<b>Outstanding March 31, 2018</b>
February 13, 2020	\$ 0.50	2,571,214	2,571,214

**Stock options**

The Company has a stock option plan implemented in 2015 (the "Plan") authorizing the grant of stock options. Pursuant to the Plan, the Company may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The Plan provides for the granting of stock options to Eligible Persons (as defined by the policies of the TSX) up to a limit of 5% of the Company's total number of issued and outstanding shares per year.

The Plan provides for the vesting of stock options over a period of one year or as otherwise determined by the Company's Board of Directors at the time of the grant. The option price must be greater than or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years from the grant date.

There was no stock option activity during the six month periods ended September 30, 2018 and 2017.

	<b>Underlying Shares</b>	<b>Weighted Average Exercised Price</b>
<b>Stock options outstanding, September 30, 2017 and March 31, 2017</b>	<b>10,221,000</b>	<b>\$0.17</b>

	<b>Underlying Shares</b>	<b>Weighted Average Exercised Price</b>
<b>Stock options outstanding, September 30, 2018 and March 31, 2018</b>	<b>8,846,000</b>	<b>\$0.17</b>

**LEVON RESOURCES LTD.**  
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**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**8. SHARE CAPITAL (continued)**

**Stock options (continued)**

A summary of stock options outstanding and exercisable as at September 30, 2018 and March 31, 2018 is as follows:

Expiry Date	Exercise Price	Stock Options Outstanding		Stock Options Exercisable	
		September 30, 2018	March 31, 2018	September 30, 2018	March 31, 2018
November 3, 2020	\$ 0.16	8,346,000	8,346,000	8,346,000	8,346,000
August 17, 2021	\$ 0.39	500,000	500,000	500,000	500,000
		<b>8,846,000</b>	<b>8,846,000</b>	<b>8,846,000</b>	<b>8,846,000</b>

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of the grant. For the three and six month periods ended September 30, 2018, share-based payment expense of \$Nil (2017 - \$8,658) and \$Nil (2017 - \$30,214), respectively, was recognized in the consolidated statements of operations and comprehensive loss.

**9. RELATED PARTY TRANSACTIONS**

**Key management transactions**

The Company has identified its directors and certain senior officers as its key management personnel. The total compensation paid or payable to the directors, CEO, CFO, VP Exploration and Corporate Secretary of the Company for the three and six month periods ended September 30, 2018 and 2017 are as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017
Consulting and management fees (i)(ii)	\$ 168,711	\$ 173,810	\$ 348,958	\$ 357,055
	<b>\$ 168,711</b>	<b>\$ 173,810</b>	<b>\$ 348,958</b>	<b>\$ 357,055</b>

- (i) For the six month period ended September 30, 2018, \$29,232 (2017 – \$46,618) was included as exploration expenses and \$29,232 (2017 – \$11,655) included as general exploration expenses.  
(ii) Consulting and management fees were paid to private companies controlled by the CEO, CFO, VP Exploration and Corporate Secretary of the Company.

**LEVON RESOURCES LTD.**  
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**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**9. RELATED PARTY TRANSACTIONS (continued)**

**Commitments with related parties**

The Company has commitments for future minimum payments in respect of consulting agreements with key management personnel as follows:

	<b>September 30, 2018</b>
Not later than one year	\$ 504,855
Later than one year and no later than five years	831,716
	<b>\$ 1,336,571</b>

Included in the above table are the following consulting contracts with key management:

- (i) A consulting agreement with the Company's VP Exploration with a five year term ending June 30, 2020, which may be terminated by the Company at any time by paying USD \$22,500 plus USD \$7,500 for each whole or partial year since the effective date.
- (ii) A consulting agreement with the Company's CEO with a three year term ending August 31, 2021, which may be terminated by the Company at any time by paying USD \$700,000.

**10. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties.

**11. COMMITMENTS**

The Company's commitments for future minimum payments in respect of operating lease agreements as at September 30, 2018 and March 31, 2018 are as follows:

	<b>September 30, 2018</b>	<b>March 31, 2018</b>
Not later than one year	\$ 20,154	\$ 41,876
	<b>\$ 20,154</b>	<b>\$ 41,876</b>

**12. FAIR VALUE MEASUREMENTS**

The Company measures certain of its financial assets at fair value on a recurring basis and these are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 inputs having the highest priority.

The levels of the fair hierarchy are defined as follows:

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

**LEVON RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Six months ended September 30, 2018**

**12. FAIR VALUE MEASUREMENTS (continued)**

Cash and cash equivalents are carried at fair value in accordance with Level 1 of the fair value hierarchy. Investment securities are accounted for at fair value based on quoted market prices in accordance with Level 1 of the fair value hierarchy. The carrying amount of reclamation deposits approximate their fair value in accordance with Level 2 of the fair value hierarchy as the stated rates approximate market rates of interest.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at September 30, 2018.

	Level 1		Level 2		Level 3	
Cash and cash equivalents	\$	1,922,361	\$	-	\$	-
Investments	\$	60,233	\$	-	\$	-
Reclamation deposits	\$	-	\$	32,629	\$	-

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at March 31, 2018.

	Level 1		Level 2		Level 3	
Cash and cash equivalents	\$	572,260	\$	-	\$	-
Investments	\$	5,204,366	\$	-	\$	-
Reclamation deposits	\$	-	\$	32,629	\$	-