Grant Thornton
An instinct for growth™

Financial Statements

Mayo Lake Minerals Inc.

December 31, 2017 and 2016

Contents

Independent Auditor's Report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4

T +1 416 366 0100
F +1 905 804 0509

To the Shareholders of
Mayo Lake Minerals Inc.

We have audited the accompanying financial statements of **Mayo Lake Minerals Inc.**, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Emphasis of matter

Without qualifying our audit opinion, we draw your attention to Note 2 of these financial statements, which states that Mayo Lake Minerals Inc. incurred significant losses from operations, negative cash flows from operating activities, a working capital deficiency and has an accumulated deficit. This, along with other matters as described in Note 2, indicate the existence of a material uncertainty which may cast significant doubt on the ability of Mayo Lake Minerals Inc. to continue as a going concern.

Grant Thornton LLP

Mississauga, Canada	Chartered Professional Accountants
October 26, 2018	Licensed Public Accountants

Mayo Lake Minerals Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31	2017	2016
Assets		
Current		
Cash	**$ 915**	$ 10,755
Subscriptions receivable (Note 11)	**49,920**	-
Sales tax receivable	**15,606**	1,005
Prepaid expenses (Note 6)	**212,463**	-
Total current assets	**278,904**	11,760
Property, plant and equipment	**466**	622
Exploration and evaluation assets (Note 7)	**3,731,674**	3,382,325
Total assets	**$ 4,011,444**	$ 3,394,707
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 200,661**	$ 458,768
Demand notes payable (Note 8)	**117,300**	394,668
Flow-through share premium liability (Note 9)	**6,131**	-
Due to related parties (Note 10)	**10,900**	524,685
Total liabilities	**334,992**	1,378,121
Shareholders' equity		
Capital stock (Note 11)	**4,343,231**	2,720,275
Warrant and Share-based payments reserves (Note 11)	**476,241**	-
Deficit	**(1,143,420)**	(703,689)
Total shareholders' equity	**3,676,052**	2,016,586
Total liabilities and shareholders' equity	**$ 4,011,444**	$ 3,394,707

Nature of business (Note 1)

Going concern (Note 2)

Commitments (Note 16)

Subsequent events (Note 17)

On behalf of the Board:

/s/ Vern Rampton
_____________________________ Director

/s/ Greg Leblanc
_____________________________ Director

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

Mayo Lake Minerals Inc.
Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

Year ended December 31		**2017**		2016
Expenses				
General and administration	**$**	**153,219**	$	46,590
Investor relations and promotion		**43,386**		10,879
Legal and regulatory		**17,081**		4,056
Professional fees		**15,535**		14,000
Project generation		**-**		11,393
Amortization of property, plant and equipment		**156**		267
Interest and bank charges		**527**		378
Interest on promissory notes		**31,444**		75,794
Share-based payments (Note 11)		**201,567**		-
Share-based debt issuance costs (Note 8)		**11,354**		-
Flow-through premium recovery (Note 9)		**(34,538)**		-
		439,731		163,357
Net loss and comprehensive loss	**$**	**(439,731)**	$	(163,357)
Weighted average number of common shares		**40,163,245**		28,687,999
Basic and diluted loss per share	**$**	**(0.012)**	$	(0.006)

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

Mayo Lake Minerals Inc.
Statements of Changes in Equity
(Expressed in Canadian dollars)
Year ended December 31, 2017 and 2016

	Capital stock Shares	Amount	Warrant reserve	Share-based payment reserve	Deficit	Total
Balance, December 31, 2015	28,557,500	$ 2,577,375	$ -	$	$ (540,332)	**$ 2,037,043**
Private placement	1,429,008	142,900	-		-	**142,900**
Net loss and comprehensive loss	-	-	-		(163,357)	**(163,357)**
Balance, December 31, 2016	29,986,508	$ 2,720,275	$ -	$	$ (703,689)	**$ 2,016,586**
Private placements, net of issuance costs	8,291,400	566,543	274,674	-	-	**841,217**
Shares issued on settlement of debt	10,564,128	1,056,413	-	-	-	**1,056,413**
Share-based payments	-	-	-	201,567	-	**201,567**
Net loss and comprehensive loss	-	-	-	-	(439,731)	**(439,731)**
Balance, December 31, 2017	**48,842,036**	**$ 4,343,231**	**$ 274,674**	**$ 201,567**	**$ (1,143,420)**	**$ 3,676,052**

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

Mayo Lake Minerals Inc.
Statements of Cash Flows

(Expressed in Canadian dollars)

Year ended December 31	2017	2016
Cash flows from operating activities:		
Net loss and comprehensive loss for the year	**$ (439,731)**	$ (163,357)
Items not affecting cash:		
Amortization	**156**	267
Share-based compensation (Note 11)	**201,567**	-
Share-based debt issuance costs (Note 8)	**11,354**	-
Flow-through premium recovery	**(34,538)**	-
Change in non-cash working capital items:		
Prepaid expenses	**(212,463)**	-
Sales tax receivable	**(14,601)**	27,395
Accounts payable and accrued liabilities	**75,428**	52,550
Net cash used in operating activities	**(412,828)**	(83,145)
Cash flows used in investing activities:		
Exploration and evaluation expenditures	**(349,349)**	(66,831)
Net cash used in investing activities	**(349,349)**	(66,831)
Cash flows (used in) / from financing activities:		
Repayment of demand notes payable	**(29,368)**	31,727
(Repayment of) advances from related parties	**(38,907)**	31,579
Issuance of capital stock, net (Note 11)	**820,612**	95,901
Net cash from financing activities	**752,337**	159,207
(Decrease) increase in cash	**(9,840)**	9,231
Cash, beginning of year	**10,755**	1,524
Cash, end of year	**$ 915**	$ 10,755

Supplemental cash flow information (Note 15)

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

1. Nature of business

Mayo Lake Minerals Inc. (referred to herein as the "Company") is an exploration stage junior mining company that was incorporated on September 7, 2011 under the laws of Ontario, Canada. The Company is engaged in the identification, evaluation and exploration of mineral properties in the Yukon, Canada. The Company has not yet determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Mayo Lake Minerals Inc. is a private company. The Company's registered office is located at 110 Westhunt Drive, Unit 2, Carp (Ottawa), Ontario, Canada.

2. Going concern

The Company is an exploration stage company. At present, its operations do not generate cash flow. The Company incurred a net loss of $439,371 during the year ended December 31, 2017 and, as of that date, its accumulated deficit was $1,143,420 and the working capital deficit was $56,088. As at the date of approval of these financial statements, the Company is pursuing a private placement to raise between $2,000,000 and $2,200,000; subsequent to which it anticipates applying for a public listing on a recognized Canadian stock exchange. Please see Note 17 for detailed information on the terms of the offering plus additional information on other private placements that occurred subsequent to year-end.

The ability of the Company to recover the costs it has incurred to date on exploration and evaluation is dependent upon it being able to identify a commercial ore body, finance further exploration and development costs and to resolve any environmental, regulatory, and other constraints which may hinder the successful development of its assets.

The Company’s ability to continue as a going concern is dependent on its capacity to obtain adequate financing on reasonable terms from lenders, shareholders, and other investors in order to develop its assets; and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to successfully complete the current offering otherwise it may be unable to meet its obligations. These factors indicate the existence of material uncertainty which may cast significant doubt on its ability to continue as a going concern. After reviewing the current cash position and having considered the Company's ability to raise funds in the short term, the directors have adopted the going concern basis in preparing its financial statements.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations.

3. Basis of presentation, critical accounting, judgements and key estimation uncertainties

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were approved by the Board of Directors on behalf of the partners and authorized for issue on October 26, 2018.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Critical accounting estimates and judgments and key estimation uncertainties

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include by are not limited to, the following:

> *Share-based payments and share purchase warrants* - The fair value of share-based payments and compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices from similar types of companies, changes in subject input assumptions can materially affect the fair value estimate.

3. Basis of presentation, critical accounting, judgements and key estimation uncertainties (continued)

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Recoverability of mineral exploration and evaluation assets – The assessment of impairment of mineral exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral property interests are budgeted and results of exploration activities up to the reporting date. The Company has determined that there are no indicators of impairment.

Deferred Taxes – Until such time as the Company has certainty as to future profits, deferred tax assets and liabilities are not recognized.

4. Significant accounting policies

Cash and cash equivalents

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

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in the carrying amount if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation on property and equipment is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. Depreciation on leaseholds is recognized on the straight-line basis over the term of the lease, which is 5 years. The rates generally applicable are:

Computer equipment is depreciated on a declining balance basis of 30%

4. Significant accounting policies (continued)

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (E&E) are recognized and capitalized. Evaluation of asset costs are only capitalized upon the legal right to explore a property has been acquired. E&E include such costs as acquisition costs, fees and taxes to maintain assets, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

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

Management groups mineral claims that are contiguous and specific to an area encompassing the same prospective minerals into one area of interest and assigns a name to this mineral property or project. Each named mineral property is considered an area of interest and a cash-generating unit ("CGU").

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of a project may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Company estimates the recoverable amount of each project, on the basis of areas of interest.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific project should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purposes. A financial instrument's category is relevant for its subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the recoverable amount of a financial asset or a group of financial assets exceeds its carrying amount. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial liabilities

Financial liabilities are measured initially at the transaction amount and subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss separately.

Share-based payments

Share-based payments are equity settled awards that are measured at fair value at the date of grant and recognized, over the vesting period based on the Company's estimate of awards that are expected to vest, along with a corresponding increase in equity. Compensation costs are presented separately in the statement of loss and comprehensive loss.

4. Significant accounting policies (continued)

Flow through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offerings of the shares and the sale of tax benefits. The allocation is made based on the difference between the estimated price of the shares and warrants and the amount the investor pays for the shares. A deferred flow through premium is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in profit or loss.

Provision for decommissioning and restoration

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Environmental rehabilitation

Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. The Company has not recognized a provision for environmental rehabilitation.

Income taxes

The Company does not have taxable profits and no current income tax is due.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

4. Significant accounting policies (continued)

Income taxes (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

Segment reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM" in assessing performance and in determining the allocation of resources. These measures include operating expenditures, expenditures on exploration and development, plant and equipment, non-current assets and total debt, if any.

The Company operates under a single geographic segment engaged in mineral exploration and development in the Yukon region of Canada. Financial information is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

5. Recent accounting pronouncements

Standards issued but not yet effective

A number of new standards and amendments to standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company is provided below. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

IFRS 9, Financial Instruments – The IASB published IFRS 9 in July 2014, effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement, and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model, and a substantially reformed approach to hedge accounting. The Company has made an initial evaluation and does not anticipate any material effect upon adoption of this standard.

5. Recent accounting pronouncements (continued)

IFRS 15, Revenue from Contracts with Customers – The new standard is effective for annual periods beginning on or after January 1, 2018 and presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Company has made an initial evaluation of the impact of IFRS 15 on its financial statements and related disclosures. Presently the adoption has no effect because the Company has no revenue.

IFRS 16, Leases – The new standard replaces IAS 17, Leases is effective for annual periods beginning on or after January 1, 2019, though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 Revenue from Contracts with Customers. The standard establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). The Company is in the process of evaluating the effect of the standard on its financial statements and does not anticipate a material impact.

IFRS 2, Share based payments – The IASB issued an amendment clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity- settled. The IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the change in the standard and there is no material impact.

6. Prepaid expenses

On April 1, 2017, the Company entered into a financial services consulting agreement with Ironstone Capital Corp. (ICC) to assist in obtaining a public listing together with equity and/or debt financings. Upon completion of any financing transaction leading to a public listing, the Company is required to pay ICC a maximum of 3% of the value of the Company's outstanding shares prior to any completed financing transaction, plus 1% of their post transaction value. The first portion of the cash compensation is payable when the parties agreed under reasonable circumstances that the transaction will be completed. In addition, ICC was paid $2,500 every 45 days during the course of the consulting agreement.

As of December 31, 2017, the Company had pre-paid ICC a total of $198,000 as per the aforementioned contractual agreement on the expected completion of a transaction leading to a public listing. Subsequently, the third party to the proposed reverse takeover transaction unexpectedly withdrew from the transaction. As a result the parties agreed that the remaining $32,000 would be paid upon the fulfillment of the aforementioned contractual obligations. In addition, the parties agreed that the1,840,000 Units that ICC's principal purchased during the Company's September 14 private placement of Units (see Note 11) would be escrowed and only released upon the fulfillment of the aforementioned contractual obligations of ICC.

On December 5, 2017, the controlling shareholder of ICC, Lee Bowles became a director of the Company (Note 16).

(Expressed in Canadian dollars)

7. Mineral exploration and evaluation assets

	Anderson-Davidson	Edmonton	Cascade	Carlin-Roop	Trail-Minto	Total
Balance, December 31, 2015	$ 1,498,083	$ 433,729	$ 31,175	$ 897,378	$ 455,130	$3,315,495
Expenditures:						
Claim fees	-	1,240	-	3,635	6,395	11,270
Exploration	6,616	1,680	-	21,395	25,869	55,560
Balance, December 31, 2016	1,504,699	436,649	31,175	922,408	487,394	3,382,325
Expenditures:						
Claim fees	25,052	-	658	1,183	-	26,893
Exploration	273,078	5,429	15,078	21,959	6,912	322,456
Balance, December 31, 2017	**$ 1,802,829**	**$ 442,078**	**$ 46,911**	**$ 945,550**	**$ 494,306**	**$ 3,731,674**

Property descriptions

Yukon property acquisition agreements

The Company entered into binding letter agreements with Auropean Ventures Inc., (AVI) a related company, in December of 2011 (amended in July 2014) for the acquisition of the Anderson-Davidson, and Edmonton claim groups located in the Mayo Mining District within the Tintina Gold Province of the Yukon. Initial consideration included a total of $720,000 in cash and 180,000 common shares of the Company valued at $18,000. On the first and second anniversary of the sale agreements, the Company was obligated and paid additional payments totaling 6,480,000 common shares of the Company valued at $648,000. The anniversary obligations were met and the promissory note has been fully paid.

The Company entered into binding letter agreements with AVI, in February 2012 (amended in July 2014) for the acquisition of the Roop and Trail-Minto claim groups located in the Mayo Mining District within the Tintina Gold Province of the Yukon in close proximity to the Company's other Yukon properties. In total the initial consideration paid included $50,000 cash, 300,000 shares valued at $30,000 and the assumption of demand note payable in the amount of $100,000. This demand note bears interest at 12% per annum and is payable on demand after a three month term. The Company's President and CEO has provided a personal guarantee with respect to the note payable. The Company was required and provided a further 5,040,000 shares valued at $504,000. The anniversary obligations were met and the promissory note has been fully paid.

The Company entered into binding letter agreements with AVI in April 2012 (amended in July 2014) for the acquisition of the Carlin claim group which is in close proximity to the Company's other Yukon properties. In total the initial consideration paid included $50,000 in the form of a promissory note and 100,000 common shares of the Company. On the first and second anniversary of the purchase agreement, the Company was obligated and provided an additional 1,440,000 shares. The anniversary obligations were met and the promissory note has been fully paid.

The vendors retained a 2.75% net smelter return royalty (NSR) on the Anderson, and Trail-Minto claim groups and 2.5% NSR on the Davidson, Edmonton and Carlin-Roop claim groups. The NSRs are subject to a 1% buyback for $1 million if the price of gold is at $1,000 per ounce or less and $2 million if the price of gold is $3,000 per oz or more with a sliding scale between $1,000 and $3,000 per ounce. The buyback can be exercised in increments of 0.5%.

(Expressed in Canadian dollars)

8. Demand notes payable

The promissory notes are payable upon demand and bear interest at 12% per annum calculated monthly. The President of the Company has provided a personal guarantee in the amount of $50,000 (2016 - $100,000) with respect to one of the notes payable. The Company has pledged as collateral the Anderson Creek and Davidson claims with respect to two of the notes payable in the amount of $60,000 (2016 - $nil).

	2017	2016
Opening balance	**$ 394,688**	$ 362,941
Interest	**13,300**	**-**
Issuance of notes	**60,000**	31,727
Repayments of notes	**(100,000)**	-
Repayment of notes through shares	**(248,000)**	-
Closing balance	**$ 117,300**	**$ 394,668**

Interest of $31,365 (2016 - $73,808) on the promissory notes was paid during the year.

As a part of the debt issuance of two promissory notes dated November 2017 amounting to $60,000, the Company committed to grant 150,000 warrants expiring two years from the grant date. Each warrant is exercisable at $0.15 into one common share. The value of the warrant issuance costs was estimated at $11,354. The estimated weighted average grant date fair value of the warrants was $0.076 per unit, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 2; expected volatility - 180%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

9. Flow-through share premium liability

	2017	2016
Opening balance	**$ -**	$ -
Issuance of flow through shares (Note 11)	**40,669**	-
Renunciation	**(34,538)**	-
Closing balance	**$ 6,131**	$ **-**

During the year, the Company recognized a flow-through recovery of $34,538 related to the renunciation of expenditures and recovery of deferred tax assets not previously recognized.

10. Related party transactions and key management compensation

The Company has contracts for management and geological services plus costs incurred in providing these services with its key management, namely officers, administrators and directors and companies controlled by management. Transactions are recorded at their fair value, which is the amount agreed amount upon between the parties to provide the services..

- The President's wholly-owned corporation provides, under separate contracts,(i) consulting fees related to management and geological services and (ii) provision of office and storage space in addition to secretarial, accounting and book-keeping services. The President's corporation fees for all services during 2017 were $136,363 (2016 - $38,254), of which consulting services totaled $82,025 (2016 - $29,437). At year end, the Company owed $58,940 (2016 - $650,372) to the President's corporation. Of this amount $58,940 (2016 - $202,361) is included in accounts payable and $nil (2016 - $448,011) is in due to related parties. During 2017, $624,000 of the amounts owing was converted to common shares (Note 11(ii)).

- The Vice President, Exploration's wholly-owned corporation, previously a proprietorship provides geological and management services to the Company. Fees charged also include costs incurred which are reimbursable. The fees for these services in 2017 totaled $59,875 (2016 - $19,000). At year end, the Company owed the corporation $54,231 (2016 - $129,278). This amount is included in accounts payable. During 2017, $88,000 of amounts owing was converted to common shares (Note 11(ii)).

- An administrator provided investor relations, legal, professional and general management services totaling $59,146 in 2017 (2016 - $nil).

- A corporation controlled by a Director and former officer was owed at December 31, 2017, $4,712 (2016 - $43,312) for general consulting fees. These fees were incurred prior to 2016. Amounts owed are included in accounts payable. During 2017, $38,600 of the amount owing was converted to common shares (Note 11(ii)).

- The Secretary's law firm provides legal and securities advice and services to the Company. During 2017 fees for these services totaled $4,973 (2016 - $116). On December 31, 2017, the Company owed $10,900 (2016 - $77,553) to a corporation controlled by the Secretary. Of this amount $nil (2016 - $1,053) is included in accounts payable and $10,900 (2016 - $70,500) is recorded in due to related parties. The amount owing represents the remaining portion of a promissory note bearing interest at 12% per annum plus interest. During 2017, $68,000 of the amount owing was converted to common shares (Note 11(ii)).

- At December 31, 2017, the Company has a prepaid amount of $198,000 (2016 - $nil), which was paid to a corporation providing financial consulting services for completion of an expected transaction leading to a public listing. The expected transaction was terminated unexpectedly by a third party (Note 6). ICC was paid separately $7,500 (2016 - nil) for its services. The controlling shareholder of ICC became a director of the Company in December of 2017.

Interest paid on the amounts due to related parties totaled $31,444 (2016 - $75,794).

(Expressed in Canadian dollars)

10. Related party transactions and key management compensation (continued)

Key management compensation

	2017		2016	
Company Name	**Fees**	**Options awarded and vested**	**Fees**	**Options awarded and vested**
Rampton Resources Group *President and CEO services*	$82,025	$48,518 500,000 [1] To President	$29,437	_
Rampton Resources Group *Office services, accounting and rent*	$54,338	_	$8,817	_
Sans Peur Exploration *VP-Exploration services*	$59,875	$46,308 500,000 [2] To VP	$19,000	_
7241054 Canada Corp *CFO services*	$12,000	_	_	_
Administrator's Proprietorship *Various management services*	$57,562	$48,518 500,000 [1] To Administrator	$6,500	
Ironstone Capital *Financial services*	$7,500	_	_	_
Irwin Lowy LLP *Secretary and legal services*	$4,973	_	$116	_

[1] Options have been valued at $0.93 by the Black Sholes valuation method
[2] Option have been valued at $0.97 by the Black Sholes valuation method

(Expressed in Canadian dollars)

11. Capital stock

Authorized
Unlimited number of common shares

Share capital

	Number of Shares	Amount
Balance, December 31, 2015	28,557,500	$ 2,577,375
Private placement – common (i)	1,429,008	142,900
Balance, December 31, 2016	29,986,508	2,720,275
Shares issued on settlement of debt (ii)	10,564,128	1,056,413
Private placement – common (iii)	5,425,000	396,303
Private placement – flow-through (iii, iv)	2,866,400	170,240
Balance, December 31, 2017	**48,842,036**	**$ 4,343,231**

i) On October 24, 2016, the Company issued 1,429,008 common shares at $0.10 for total proceeds of $142,900.

ii) On March 31, 2017, the Company converted $333,535 of accounts payable and accrued liabilities, and $722,878 in due to related parties and demand notes payable to common shares of the Company. A total of 10,564,128 common shares of the Company were issued at $0.10 per share.

iii) On September 14, 2017, the Company closed two separate private placements. The first consisted of regular common (RC) units at $0.10 per unit and the second consisted of flow through (FT) units at $0.12 per unit. Each flow through unit will be issued as a "flow through share" within the meaning of the Income Tax Act (Canada).

The RC unit offering raised gross proceeds of $542,500, representing 5,425,000 RC Units. Each RC Unit is comprised of one common and one half of one common share purchase warrant (2,712,500 warrants). Each warrant is exercisable into one common share at a price of $0.15 per share for a period of 2 years from the closing date of the offering. The 2,712,500 warrants were valued at $146,197.

The FT unit offering raised gross proceeds of $294,048, representing 2,450,400 FT Units. Each FT Unit is comprised of one flow through share and one half of one common share purchase warrant (1,225,200 warrants). Each FT warrant is exercisable into one common share at a price of $0.15 per share for a period of 2 years from the closing date of the offering. The 1,225,200 warrants were valued at $80,785.

The estimated weighted average grant date fair value of the warrants was $0.087 per unit, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 2; expected volatility - 185%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

11. Capital stock (continued)

The Company recognized $34,538 of flow through liability related to the recognition of the flow through component. The net proceeds of the FT offering will be used for exploration of the Company's properties while the net proceeds of the regular unit offering will be used for general corporate purposes and exploration if deemed appropriate.

In conjunction with the offering, the Company paid finder's fees of $15,935 and granted 132,790 Broker Unit Warrants in relation to the flow through share offering. Each Broker Unit Warrant vested immediately and is exercisable at a price of $0.12 for a period of two years from the date of issuance and contains one common share and a half warrant exercisable at $0.15.

The Broker Unit Warrants were valued at $19,243. The estimated weighted average grant date fair value of the Broker Unit Warrants was $0.097 per warrant, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 2; expected volatility - 185%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

iv) On December 29, 2017, the Company closed a private placement consisting of flow through (FT) units at $0.12 per unit. The funds were recorded in subscriptions receivable at December 31, 2017. Each flow through unit will be issued as a "flow through share" within the meaning of the Income Tax Act (Canada). The FT unit offering raised gross proceeds of $49,920, representing 416,000 FT Units. Each FT Unit is comprised of one flow through share and one half of one common share purchase warrant. Each FT warrant is exercisable into one common share at a price of $0.15 per share for a period of 2 years from the closing date of the offering. The 208,000 warrants were valued at $13,082 by the Black Scholes valuation model.

The estimated weighted average grant date fair value of the warrants was $0.089 per unit, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 2; expected volatility - 170%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

The Company recognized $6,131 of flow through liability related to the recognition of the flow through component. The net proceeds of the FT offering will be used for exploration of the company's properties.

In conjunction with the offering, the Company paid finder's fees of $7,022 and granted 29,120 Broker Unit Warrants. Each Broker Unit Warrant vested immediately and is valid for 2 years from closing, is exercisable at a price of $0.12 and contains one common share and half a warrant exercisable @ $0.15.

The Broker Unit Warrants were valued at $4,013. The estimated weighted average grant date fair value of the Broker Unit Warrants was $0.093 per unit, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 2; expected volatility - 170%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

(Expressed in Canadian dollars)

11. Capital stock (continued)

Warrants

	Number of Warrants	Amount
Balance, December 31, 2016	-	$ -
Granted – private placements and notes payable	4,295,700	251,418
Granted – broker unit warrants	161,910	23,256
Balance, December 31, 2017	**4,457,610**	**$ 274,674**

The following table summarizes the warrants and broker unit warrants outstanding and exercisable at December 31, 2017:

Warrants and Broker Unit Warrants Exercisable and Outstanding at December 31, 2017	**Exercise Price**	**Expiry date**
3,937,700	*$0.15*	*September 14, 2019*
150,000	*$0.15*	*May 1, 2021*
208,000	*$0.15*	*December 29, 2019*
132,790	*$0.12*	*September 14, 2019*
29,120	*$0.12*	*December 29, 2019*

Stock Options Exercisable and Outstanding at December 31, 2016	**Number of Options**	**Amount**
Balance, December 31, 2016	-	-
Granted	2,100,000	$ 201,567
Balance, December 31, 2017	**2,100,000**	**$ 201,567**

i) On January 6, 2017, the Company granted 1,600,000 stock options to its officers and directors, with an exercise price of $0.10. The options vested immediately and are exercisable for a period of three years from the grant date. The estimated weighted average grant date fair value of the options was $0.097 per option, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 3; expected volatility - 250%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

ii) On June 20, 2017, the Company granted an additional 500,000 stock options to an officer, with an exercise price of $0.10. The options vested immediately and are exercisable for a period of three years from the grant date. The estimated weighted average grant date fair value of the options was $0.093 per option, as determined using the Black Scholes valuation model and the following assumptions: risk free interest rate - 1.66%; expected life in years - 3; expected volatility - 205%; and expected forfeiture rate - 0%. Expected volatility was based on the historical volatility of comparative companies.

(Expressed in Canadian dollars)

11. Capital stock (continued)

The following table summarizes the options outstanding and exercisable at December 31, 2017.

Options Outstanding	Outstanding and Exercise price	Exercisable at December 31, 2017	Expiry date
1,600,000	$ 0.10	1,600,000	January 6, 2020
500,000	$ 0.10	500,000	June 20, 2020

The weighted average remaining life of the options is 2.10 years.

During the year ended December 31, 2017, the Company recognized $201,567 (2016 - $nil) as share-based compensation expense for options granted and vested during the year.

12. Income taxes

A reconciliation of income taxes at the rates expected to apply when the asset is realized of approximately 26.5% (2016 - 26.5%) with the reported taxes is as follows:

	2017	2016
Loss before income taxes	**$(439,731)**	$(163,357)
Expected income tax recovery	**(116,529)**	(43,290)
Non-deductible expenses	**53,457**	71
Benefit of tax assets not recognized	**60,072**	43,219
Provision for current income taxes	**$ -**	$ -

The Company has the following tax effected net deductible temporary differences for which no deferred tax asset has been recognized:

	2017	2016
Deferred tax assets (liabilities)	**$ 253,456**	$181,240
Accounting basis of exploration and evaluation assets in excess of tax basis	**(72,090)**	(11,594)

Recognition of deferred tax assets for unused tax losses and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The amounts recognized above offset the tax liability created by the renunciation the tax benefits related to flow-through shares. The balance of the deferred tax asset has not been recognized in the financial statements.

13. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, reserves and deficit in the amount of $3,676,052 (2016 - $2,016,586).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and supplemented with debt as necessary. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management in the year.

14. Financial instruments and risk management

Fair value

The Company classifies its cash as loans and receivables; and accounts payable and accrued liabilities, demand notes payable and due to related parties as other financial liabilities.

The carrying values of these assets approximate their fair values due to the short-term maturity of these financial instruments. The fair value of the liabilities approximates their fair value due to the short-term nature of these financial instruments. All instruments are classified as Level 1.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

(Expressed in Canadian dollars)

14. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due.

The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 13. As at December 31, 2017, the Company's current liabilities which comprise accounts payable and accrued liabilities, demand notes payable and due to related parties total $356,261. The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The Company is not exposed to any significant interest rate risk volatility or exchange rate volatility.

15. Supplemental cash flow information

The significant non-cash activity during the year is as follows:

	2017	2016
Shares issued on extinguishment of liabilities	**$ 1,056,413**	$ -

Interest paid of $31,444 (2016 - $75,794).

16. Commitments

On April 1, 2017, the Company entered into a financial services consulting agreement with Ironstone Capital Corp.(ICC) to assist in obtaining a public listing together with enabling equity and/or debt financings. Upon completion of any financing transaction leading to a public listing, the Company is required to pay ICC a maximum of 3% of the value of the Company's outstanding shares prior to any completed financing transaction plus 1% of its post transaction value. The first potion of the cash compensation is to be paid when the parties agree it is expected under reasonable circumstances that the transaction will be completed. In addition, ICC is paid $2,500 every 45 days for the duration of the contract.

As of December 31, 2017, the Company had pre-paid ICC a total of $198,000 as per the aforementioned contractual agreement. The $198,000includes hst) was paid to ICC on September 17, 2017, on the expected completion of a transaction leading to a public listing. Subsequently, the third party to the proposed reverse takeover transaction unexpectedly withdrew from the transaction. As a result the parties agreed that the remaining $59,400 (includes hst) due to ICC would be suspended and paid upon the fulfillment of the aforementioned contractual obligations. In addition, the parties agreed that the1,840,000 Units that ICC's principal purchased for $184,000 during the Company's September 14 private placement of Units (see Note 11) would be escrowed and only released upon the fulfillment of the aforementioned contractual obligations of ICC.

The payment to ICC will be recognized in profit or loss on closing of any transaction. In the event that a transaction does not close, compensation is limited to 30% of the $230,000 and if further requested, by the Company, ICC will be required to assist in completing a transaction.

17. Subsequent events

In late January 2018, the Company initiated the preparation of a prospectus and application for a public listing on the Canadian Stock Exchange. A National Instrument 43-101 Technical Report, as required for a going public transaction, was prepared in late 2017 on the Company's primary property of material interest, the Anderson-Davidson Claim Group.

On March 2, 2018, the Board of Directors resolved to proceed with an IPO via an offering of subscription receipt units (the "Offering"), which were to be a combination of Common Share Units and FT Units totaling a minimum of $1,300,000 and a maximum of $2,000,000.The minimum was subsequently revised to $2,000,000 and the cap was removed. The Offering remains open.

i) The Common Share Units are priced at $0.10 per Unit. Each Unit will be comprised of one common share and one half of one common share purchase warrant. Each warrant shall be exercisable into one common share at a price of $0.15 per share for a period of 2 years from the closing date of the offering.

ii) The FT Units at a price of $0.12 per Unit. Each FT unit will be comprised of one flow-through and one half of one common share purchase warrant. Each FT warrant shall be exercisable into one common share at a price of $0.15 per share for a period of 2 years from the closing date of the offering. Each FT share will be issued as a "flow-through" share within the meaning of the Income Tax Act (Canada).

17. Subsequent events (continued)

On March 27, 2018, the Company issued 1,025,000 Restricted and Deferred Share Units to certain officers and directors under the Company's Restricted Share Unit and Deferred Share Unit Plan. The Units shall vest on the later of the day that is 6 months after the day upon which the Company's shares begin trading on a recognized Canadian stock exchange or January 2, 2019. The Units were granted provisionally, in that that such trading must begin in 2018.

On April 16, 2018, the Company closed a private placement for 767,150 Units for total proceeds of $76,715, each Unit consisting of one common share priced at $0.10 per share and one half of a common share purchase warrant, each whole warrant is exercisable into one common share at $0.15 per share for a period of 36 months.

On May 1, 2018, the Company closed an issuance of a series of promissory notes totaling $125,000 accruing interest at 12% per annum, each with a term of one year. Attached to the notes were a total of 312,500 common share purchase warrants. Each warrant is exercisable by the holder into one common share at $0.15 per share for a period of 36 months from closing.

On June 27, 2018, the Company closed an issuance of promissory notes totaling $30,000 accruing interest at 12% per annum and a term of one year. Attached to the notes were a total of 75,000 common share purchase warrants. Each warrant is exercisable by the holder into one common share at $0.15 per share for a period of 36 months from closing.

On June 30, 2018, the Company issued 100,000 Restricted Share Units to a certain party under the Company's Restricted Share Unit and Deferred Share Unit Plan. The Units shall vest on the later of the day that is 6 months after the day upon which the Company's shares begin trading on a recognized Canadian stock exchange or January 2, 2019. The Units were granted provisionally, in that that such trading must begin in 2018.

On October 10, 2018, the Board approved a private placement to raise up to $900,000 consisting of (1) 3,000,000 units (Unit) at a price of $0.10 per Unit. Each Unit will consist of one common share of the company and one common share purchase warrant where each warrant is to exercisable into a Share for a period of three years from closing of the private placement; and (2) 5,000,000 FT Units at a price of $0.12 per FT Unit where each FT Unit consists of a common share and one warrant.