# SENATOR MINERALS INC.

Consolidated Financial Statements

December 31, 2017

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Senator Minerals Inc.

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

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Senator 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 opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Senator Minerals Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 27, 2018

# SENATOR MINERALS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

| | Note | | 2017 | | 2016 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 179,302 | $ | 822 |
| Amounts receivable | | | 18,533 | | 3,963 |
| Prepaid expenses | | | - | | 375 |
| | | $ | 197,835 | $ | 5,160 |
| **LIABILITIES AND EQUITY (DEFICIENCY)** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | **6,11** | $ | 256,174 | $ | 51,797 |
| Loans payable | **8** | | - | | 160,033 |
| | | | 256,174 | | 211,830 |
| **SHAREHOLDERS' EQUITY (DEFICIENCY)** | | | | | |
| Share capital | **9** | | 12,790,151 | | 7,423,151 |
| Warrants reserve | **10** | | 76,727 | | 76,727 |
| Share-based payments reserve | **10** | | 250,442 | | 250,442 |
| Deficit | | | (13,175,659) | | (7,956,990) |
| | | | (58,339) | | (206,670) |
| | | $ | 197,835 | $ | 5,160 |

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

Nature and continuance of operations (note 1)
Subsequent event (note 13)

Approved on behalf of the Board:

*"Anthony Jackson"*
Anthony Jackson, Director

*"Ryan Cheung"*
Ryan Cheung, Director

**SENATOR MINERALS INC.**
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | Note | | 2017 | | 2016 |
|---|---|---|---|---|---|
| **Exploration expenditures: acquisition, maintenance, exploration and geological consulting (Schedule)** | 5 | $ | 4,833,922 | $ | - |
| **General and administrative expenses** | | | | | |
| Advertising and promotion | | | 26,474 | | - |
| Consulting fees | | | 249,553 | | - |
| Filing and listing fees | | | 42,310 | | 15,491 |
| Interest | 8 | | 8,707 | | 12,421 |
| Management fees | 11 | | 47,000 | | 21,000 |
| Office and general | | | 2,451 | | 1,865 |
| Professional fees | | | 27,589 | | 9,601 |
| | | | 404,084 | | 60,378 |
| **Other item** | | | | | |
| Gain on accounts payable reversal | | | (19,337) | | - |
| **Net and comprehensive loss** | | $ | (5,218,669) | $ | (60,378) |
| **Loss per share – basic and diluted** | | | (0.15) | | (0.00) |
| **Weighted average number of common shares outstanding – basic and diluted** | | | 34,537,296 | | 33,456,537 |

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

## SENATOR MINERALS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | Number of shares | Share capital | Warrants reserve | Share based payments reserve | Deficit | Total shareholders' equity (deficiency) |
|---|---|---|---|---|---|---|
| **Balance at January 1, 2016** | 33,456,537 | $ 7,423,151 | $ 76,727 | $ 250,442 | $ (7,896,612) | $ (146,292) |
| Net and comprehensive loss for the year | - | - | - | - | (60,378) | (60,378) |
| **Balance at December 31, 2016** | 33,456,537 | $ 7,423,151 | $ 76,727 | $ 250,442 | $ (7,956,990) | $ (206,670) |
| **Balance at January 1, 2017** | 33,456,537 | $ 7,423,151 | $ 76,727 | $ 250,442 | $ (7,956,990) | $ (206,670) |
| Shares issued for private placement | 1,923,077 | 2,500,000 | - | - | - | 2,500,000 |
| Shares issued for acquisition of subsidiary | 6,100,000 | 2,867,000 | - | - | - | 2,867,000 |
| Net and comprehensive loss for the year | - | - | - | - | (5,218,669) | (5,218,669) |
| **Balance at December 31, 2017** | 41,479,614 | $ 12,790,151 | $ 76,727 | $ 250,442 | $ (13,175,659) | $ (58,339) |

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

## SENATOR MINERALS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | | 2017 | | 2016 |
|---|---|---|---|---|
| **Cash provided by (used for):** | | | | |
| **Operating activities** | | | | |
| Net loss for the year | $ | (5,218,669) | $ | (60,378) |
| Items not involving cash: | | | | |
| Shares issued for acquisition of Keefe Lake Projects Inc. | | 2,867,000 | | - |
| Accrued interest | | - | | 12,383 |
| Change in non-cash working capital items: | | | | |
| Amounts receivable | | (14,570) | | (1,891) |
| Prepaid expenses and deposits | | 375 | | - |
| Trade and other payables | | 204,377 | | 5,506 |
| | | (2,161,487) | | (44,380) |
| **Financing activities** | | | | |
| Loan advances (repayment) | | (160,033) | | 44,500 |
| Shares issued | | 2,500,000 | | - |
| | | 2,339,967 | | 44,500 |
| **Change in cash during the year** | | 178,480 | | 120 |
| **Cash, beginning of the year** | | 822 | | 702 |
| **Cash, end of the year** | $ | 179,302 | $ | 822 |

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

## 1. Nature and Continuance of Operations

Senator Minerals Inc. (the “Company”), listed on the TSX-Venture Exchange (“TSX-V”), is a corporation continued under the laws of the Province of British Columbia with its principal, registered and records office located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests in North America. At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company continues to incur operating losses and at December 31, 2017 had a cumulative deficit of $13,175,659 and a working capital deficiency of $58,339. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. Further discussion of liquidity risk is included in notes 3 and 4.

These consolidated financial statements were authorized for issue on April 27, 2018 by the directors of the Company.

## 2. Significant Accounting Policies and Basis of Preparation

(a) Statement of compliance and basis of preparation

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

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The presentation and functional currency of the Company is the Canadian dollar.

(b) Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries, after the elimination of all material intercompany balances and transactions. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Company's controlled subsidiaries included in these consolidated financial statements are:

| **Name** | **Country of Incorporation** | **Ownership** | |
|---|---|---|---|
| | | **December 31, 2017** | **December 31, 2016** |
| 515427 BC Ltd. | Canada | 100% | 100% |
| Gunnar Minerals Corp. | Canada | 100% | - |
| Keefe Lake Projects Inc. | Canada | 100% | - |

515427 BC Ltd. had no commercial activities during the current or previous year.

On September 13, 2017, the Company acquired Gunnar Minerals Corp. which held the right to acquire a 100% interest in the Carter Lake uranium project.

On November 24, 2017, the Company acquired Keefe Lake Projects Inc. which held the right to acquire a 100% interest in the Keefe Lake uranium project.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(c) Use of estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect events concerning the future. 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 can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

(d) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

(e) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(e) Impairment, continued

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

(f) Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

(g) Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or less deferred tax assets, and deferred income tax provisions or recoveries could be affected.

(h) Exploration & evaluation assets

Exploration and evaluation expenditures are expensed as incurred. If it is determined by management that probable future benefits, consisting of contributions to future cash inflows, had been identified and adequate financial resources were expected to be available to meet the terms of property acquisition and budgeted maintenance, exploration, and development expenditures, these costs would be capitalized. To date, these criteria have not been met on any of the Company's mineral properties.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(h) Exploration & evaluation assets, continued

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments for acquired mineral properties are recorded as property costs and expensed. Proceeds of properties that are sold or optioned are recorded as revenues.

(i) Asset retirement obligations

The fair value of a liability for an asset retirement or environmental obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement or environmental obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement or environmental cost is charged to operations using a systematic and rational method and the resulting liability is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As of December 31, 2017, the Company does not have any asset retirement or environmental obligations.

(j) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction, whereas nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are recognized in the statement of comprehensive loss in the period in which they arise.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(j) Foreign currency translation, continued

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in the statement of comprehensive loss, any exchange component of that gain or loss is also recognized in the statement of comprehensive loss.

(k) Financial instruments

*Financial assets*

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. The Company has no financial assets classified as fair value through profit or loss.

Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash and cash equivalents. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the statement of comprehensive loss.

Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the statement of comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company's financial assets classified as loans and receivables consist of cash and receivables.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(k) Financial instruments, continued

*Financial assets, continued*

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss. The Company has no financial assets classified as held-to-maturity investments.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss. The Company's has no financial assets classified as available-for-sale assets.

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 a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative liabilities consist of trade and other payables and loans payable. Derivative liabilities are classified as fair value through profit or loss. The Company has no derivative assets or liabilities.

## 2. Significant Accounting Policies and Basis of Preparation, continued

(l) New or revised accounting standards not yet adopted

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

## 3. Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements. There have been no changes in the Company's approach to capital management during the year.

## 4. Financial Instruments and Risk Management

As at December 31, 2017, the Company's financial instruments consist of cash, amounts receivable, and trade payables.

## 4. Financial Instruments and Risk Management, continued

In management's opinion, the Company's carrying values of cash, amounts receivable, trade payables and loans payable approximate their fair values due to the immediate or short term maturity of these instruments.

The Company's financial instruments are exposed to the following risks:

*Credit Risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash amounting to $179,302 at December 31, 2017. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to pay financial liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet trade and other payables and loans payable requirements. The Company tries to achieve this by maintaining sufficient cash to cover current liabilities as they mature. As at December 31, 2017, the Company had a working capital deficiency of $58,339 (December 31, 2016 - $206,670). Liquidity risk is assessed as high.

*Price Risk*

The Company is not exposed to price risk.

*Foreign Exchange Risk*

The Company's functional and reporting currency is the Canadian dollar as most major expenditures and costs are made from Canada for the advancement of the Company's exploration projects located in the United States. As at December 31, 2017 and 2016, the Company had a negligible balance of cash on deposit for future expenditures in United States currency. The Company does not hedge foreign currency transactions. Management believes the foreign currency exchange risk derived from currency conversion to be negligible at this time.

*Interest Rate Risk*

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

## 5. Exploration and Evaluation Properties

Ownership of mineral property interests may involve certain risks due to difficulties in determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyancing history characteristic of some mineral properties. The Company had investigated ownership of the mineral properties in which it has an interest and, to the best of its knowledge, all properties are in good standing.

It is the Company's policy to expense exploration and evaluation expenditures as incurred. As at December 31, 2017, the Company owned or had royalty interests or lease options on the following mineral property interests:

### Patterson North East (PNE) Uranium Project, Northern Saskatchewan

On February 7, 2017, the Company entered into an option agreement to acquire a 100-per-cent interest in the Patterson North East (PNE) uranium project, located on the east side of the Athabasca basin in Northern Saskatchewan.

The Company can earn a 100% interest in the PNE project by making payments of $150,000 to the vendor at various times in year one, a further $250,000 on the first anniversary and a final payment of $500,000 on the second anniversary of the agreement. As at December 31, 2017, the Company has paid $115,000 to the optionor, and has spent a total of $80,550 for claim maintenance and exploration costs on the project. Total acquisition and exploration costs related the project was recognized in the statement of comprehensive loss.

### Carter Lake Uranium Project, South-western Saskatchewan

On September 13, 2017, the Company entered into a share purchase agreement with Gunnar Minerals Corp. (“Gunnar”) pursuant to which it acquired 100% of the shares of Gunnar in consideration for a cash payment of $1,700,000. Gunnar holds the rights to acquire the Carter Lake Uranium Project, located in the southwestern corner of the Athabasca basin, Saskatchewan after signing an agreement with Doctors Investment Group Ltd. (“Doctors”) to acquire 100% interest in and to the property on April 8, 2017. The project covers approximately 1,113 hectares on the Carter Lake corridor. The Carter Lake uranium project is subject to a 2% net smelter return royalty, one-half of which can be purchased in consideration for a cash payment of $2,000,000.

In consideration of the grant of the right by Doctors to purchase 100% undivided interest in the property, Gunnar shall pay:

## 5. Exploration and Evaluation Properties, continued

**Carter Lake Uranium Project, South-western Saskatchewan continued**

(a) $100,000 in cash within 5 days of Gunnar entering into an assignment or other material agreement for an interest in the Property with an issuer with shares trading on a recognized stock exchange (September 13, 2017) but in any event no later than 90 days after the signing of this agreement (paid July 5, 2017);

(b) A further $100,000 in cash and completing no less than $250,000 in qualified exploration expenditures on the Property, on or before September 13, 2018;

(c) A further $100,000 in cash and completing no less than $500,000 in qualified exploration expenditures on the Property, on or before September 13, 2019;

(d) A further $100,000 in cash and completing no less than $1,000,000 in qualified exploration expenditures on the Property, on or before September 13, 2020;

(e) At Gunnar's election, cash payments can be paid to Doctors in lieu of completing qualified exploration expenditures on the Property.

**Keefe Lake Projects, North-eastern Saskatchewan**

On November 24, 2017, the Company acquired 100% of the shares of Keefe Lake Projects Inc. Subject to existing royalty rights, Keefe Lake Projects Inc. holds a 100-per-cent interest in the Keefe Lake uranium project, an advanced exploration project that covers an area of approximately 15,400 hectares, on the eastern side of the Athabasca basin, in northeastern Saskatchewan, Canada.

## 6. Trade and Other Payables

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Trade | $ | 248,344 | $ | 45,212 |
| Other payables – accrued liabilities | | 7,830 | | 6,585 |
| | $ | 256,174 | $ | 51,797 |

## 7. Acquisition of Subsidiaries

### Gunnar Minerals Corp.

On September 13, 2017, the Company completed the acquisition of the Carter Lake uranium project through the purchase of Gunnar Minerals Corp. (“Gunnar”). Gunnar holds the right to acquire a 100% interest in the Carter Lake Uranium project.

Following completion of the acquisition, Gunnar became a wholly owned subsidiary of the Company. In consideration for the acquisition of Gunnar, the Company paid $0.227 per share for the 7,500,000 outstanding common shares of Gunnar, which includes a $100,000 commitment fee advanced to Gunnar in June 2017. As of closing of the acquisition, the Company has paid a total of $1,700,000 (including the commitment fee) as purchase consideration.

The Company was considered the acquirer, and Gunnar was considered the acquiree in the transaction. Gunnar was incorporated in April 2017 and did not constitute an operating business; therefore, the transaction was not accounted for as a business combination under IFRS 3. The consideration paid in excess of net liabilities acquired was expensed to exploration expenditures.

The following table summarizes the consideration paid and the fair value of the identifiable liabilities assumed as of the date of acquisition:

| | |
|---|---|
| Cash paid | $ 1,700,000 |
| **Total consideration paid** | **1,700,000** |
| | |
| Liabilities | (1,164) |
| **Total value** | **(1,164)** |
| | |
| **Exploration expenditures** | **$ 1,701,164** |

### Keefe Lake Projects Inc.

On November 24, 2017, the Company acquired Keefe Lake Projects Inc (“Keef Lake”). Pursuant to a purchase agreement entered into by the Company, Keefe Lake and its shareholders, Urania Resource Corp. and Doctors, whereby the Company acquired all of the issued and outstanding share capital of Keefe Lake for 6,100,000 common shares of the Company. The shares were valued at $0.47 per common share, based on the fair value of the shares on the date of TSX-V acceptance of this transaction.

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## 7. Acquisition of Subsidiaries, continued

### Keefe Lake Projects Inc., continued

The Company was considered the acquirer, and Keefe Lake was considered the acquiree in the transaction. Keefe Lake was incorporated in November 2017 and did not constitute an operating business; therefore, the transaction was not accounted for as a business combination under IFRS 3. The consideration paid in excess of net liabilities acquired was expensed to exploration expenditures.

The following table summarizes the consideration paid and the fair value of the identifiable liabilities assumed as of the date of acquisition:

| | | |
|---|---|---|
| Number of shares issued | | 6,100,000 |
| Fair value of shares at acquisition date | $ | 0.47 |
| **Total consideration paid** | **$** | **2,867,000** |
| | | |
| Assets/Liabilities | | - |
| **Total value** | | **-** |
| | | |
| **Exploration expenditures** | **$** | **2,867,000** |

## 8. Loans Payable

Loans payable in the amount of $Nil (2016 – $160,033) were unsecured, payable on demand and bear interest at 10% per annum. The lenders had the option to be repaid in cash or shares of the Company. During the year ended December 31, 2017, the Company recorded $8,707 (2016 - $12,421) in interest.

During the year ended December 31, 2017, the Company settled the outstanding balance of all loans payable, including accrued interest.

## 9. Share Capital

(a) Authorized:

Unlimited number of common shares without par value
Unlimited number of special shares issuable in series without par value

## 9. Share Capital, continued

(b) Common shares issued:

On August 24, 2017, the Company completed a non-brokered private placement by issuing 1,923,077 common shares, at a price of $1.30 per share, for total gross proceeds of $2,500,000.

On November 24, 2017, pursuant to a share purchase agreement with Keefe Lake (Note 7), the Company issued 6,100,000 common shares valued at $2,867,000 or $0.47 per common share issued.

(c) Warrants

The Company had no share purchase warrants outstanding as of December 31, 2017 and 2016.

(d) Stock options

The Company has a rolling incentive stock option plan that can reserve a maximum of 10% of the issued shares of the Company at the time of the stock option grant with no vesting provisions, but including the following terms:

- Each incentive share purchase option is personal to the grantee and may be neither assigned nor transferred to anyone else;
- Individual incentive share purchase options will have no more than a maximum term of five (5) years from the date of their grant;
- Incentive share purchase options granted to any one individual in any 12 month period cannot exceed 5% of the issued and outstanding shares of the Company;
- Individual incentive share purchase options granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding shares of the Company; and
- Individual incentive share purchase option agreements granted to an employee or consultant conducting investor relations activities will not exceed an aggregate of 2% of the issued and outstanding shares of the Company in any twelve month period.

As at December 31, 2017 and 2016, the Company had no stock options outstanding.

## 10. Reserves

(a) Warrants reserve

This reserve records the incremental increase in the fair value of previously outstanding warrants resulting from a re-pricing.

(b) Share-based payments reserve

This reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amounts recorded could potentially be transferred to deficit but the Company has elected to maintain them in the share-based payments reserve account.

## 11. Related Party Transactions and Balances

*Related Party Transactions*

Key management compensation for the year ended December 31, 2017 consisted of the following:

- Management fees in the amount of $47,000 (2016 - $21,000) were paid to companies controlled by directors of the Company.

*Related Party Balances*

At December 31, 2017, included in trade payables was $5,775 (2016 - $12,600) owing to companies controlled by directors of the Company.

## 12. Deferred Taxes

The net income tax provision differs from that expected by applying the combined federal and provincial tax rate to loss before income taxes for the following reasons:

| | 2017 | 2016 |
|---|---|---|
| Loss before income tax | $ 5,218,669 | $ 60,378 |
| Combined federal and provincial income tax rate | 26% | 26% |
| Expected tax recovery | (1,356,854) | (15,698) |
| Change in deferred tax benefits not recognized | 1,356,854 | 15,698 |
| | $ - | $ - |

The following summarizes the expiry of deductible temporary differences for which no deferred tax asset has been recognized.

| | Non-capital losses | Exploration related tax pools | Capital losses |
|---|---|---|---|
| 2026 | $ 356,418 | $ - | $ - |
| 2027 | 170,604 | - | - |
| 2028 | 251,612 | - | - |
| 2029 | 137,363 | - | - |
| 2030 | 272,122 | - | - |
| 2032 | 73,296 | - | - |
| 2033 | 153,232 | - | - |
| 2034 | 52,384 | - | - |
| 2035 | 43,255 | - | - |
| 2036 | 60,978 | | |
| 2037 | 5,023,719 | | |
| No expiry | - | 2,271,315 | 127,554 |
| | $ 6,594,983 | $ 2,271,315 | $ 127,554 |

Due to the uncertainty of realization of these deductible temporary differences, the potential benefits have not been reflected in the financial statements. The Company has provided a full valuation allowance.

## 13. Subsequent Event

On February 5, 2018, the Company entered into an agreement to acquire all of the outstanding share capital of Uranium City Resources Inc. ("Uranium City"). Subject to existing royalty rights, Uranium City holds a 100-per-cent interest in the Crackingstone uranium project, which covers an area of approximately 2,407 hectares on the northeastern shore of Lake Athabasca in northeastern Saskatchewan, Canada.

In consideration for the outstanding share capital of Uranium City, the Company will issue 4,000,000 common shares. Completion of the transaction remains subject to approval of the TSX-V.

## Schedule – Exploration and Evaluation Expenditures

| Year | Property | Acquisition $ | Maintenance $ | Exploration $ | Total expended $ |
|---|---|---|---|---|---|
| 2017 | | | | | |
| | PNE | 115,000 | 850 | 79,700 | 195,550 |
| | Carter Lake | 1,701,164 | - | 70,208 | 1,771,372 |
| | Keefe Lake | 2,867,000 | - | - | 2,867,000 |
| | | 4,683,164 | 850 | 149,908 | 4,833,922 |

No exploration and evaluation expenditures were made in 2016.