Financial Statements of

# VIKING GOLD EXPLORATION INC.

For the Three Months Ended March 31, 2018

# VIKING GOLD EXPLORATION INC.

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

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

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

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

July 18, 2018

# VIKING GOLD EXPLORATION INC.



**STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian dollars)

| | Notes | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Equipment | 4 | $ 815 | $ 890 |
| Total non-current assets | | 815 | 890 |
| **Current assets** | | | |
| Investments | 5 | 116,900 | 32,000 |
| Amounts receivable and prepaid expenses | 6 | 9,296 | 6,046 |
| Cash | | 537 | 3,390 |
| Total current assets | | 126,733 | 41,436 |
| **Total Assets** | | $ 127,548 | $ 42,326 |
| **EQUITY (DEFICIENCY) AND LIABILITIES** | | | |
| **Equity (Deficiency)** | | | |
| Share capital | 7b | $ 9,009,002 | $ 9,009,002 |
| Equity-settled employee benefit reserve | | 8,751 | 8,751 |
| Deficit | | (9,963,311) | (10,029,837) |
| Total deficiency | | (945,558) | (1,012,084) |
| **Current liabilities** | | | |
| Provision for indemnification of flow-through subscribers | 9 | 415,000 | 415,000 |
| Convertible debentures | 11b, 16 | 107,500 | 107,500 |
| Interest payable on convertible debentures | 11b, 16 | 45,789 | 42,039 |
| Loan payable | 8 | 33,663 | - |
| Trade and other payables | 10, 11b | 471,154 | 489,871 |
| Total current liabilities | | 1,073,106 | 1,054,410 |
| **Total Deficiency and Liabilities** | | $ 127,548 | $ 42,326 |

**Nature and continuance of operations** (Note 1)
**Commitments and contingencies** (Notes 9, 12 and 16)

The Board of Directors approved these financial statements on July 18, 2018
They are signed on the Company's behalf by:

/s/Mark Edwards
Director

/s/Marc Carter
Director

See accompanying notes to the condensed interim financial statements.

# VIKING GOLD EXPLORATION INC.



**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

FOR THE THREE MONTHS ENDED MARCH 31

(Expressed in Canadian dollars)

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **Expenses** | | | |
| Management fees | 11a | $ 7,500 | $ 10,000 |
| Professional and regulatory fees | | 5,500 | 2,500 |
| Office and administration | | 1,311 | 44 |
| Interest expense | | 3,988 | 3,500 |
| Depreciation | 4 | 75 | 75 |
| Total expenses | | 18,374 | 16,119 |
| **Operating loss** | | (18,374) | (16,119) |
| **Other income** | | | |
| Gain on disposition of exploration and evaluation assets | 3 | 79,800 | - |
| Unrealized gain on investments | 5 | 5,100 | - |
| Gain on settlement of debts | | - | 31,934 |
| Total other income | | 84,900 | 31,934 |
| **Net income and comprehensive income, attributable to common shareholders** | | $ 66,526 | $ 15,815 |
| **Basic and diluted net income per common share** | | $ 0.001 | $ 0.000 |
| **Weighted-average number of common shares** | | | |
| Basic and diluted | | 79,778,229 | 79,778,229 |

See accompanying notes to the condensed interim financial statements.

# VIKING GOLD EXPLORATION INC.



**STATEMENTS OF CASH FLOWS**

FOR THE THREE MONTHS ENDED MARCH 31

(Expressed in Canadian dollars)

| | 2018 | 2017 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 66,526 | $ 15,815 |
| Adjusted for | | |
| Depreciation | 75 | 75 |
| Interest accrued on loan payable | 238 | - |
| Other income | (84,900) | (31,934) |
| | (18,061) | (16,044) |
| Changes in non-cash working capital items | | |
| Amounts receivable and prepaid expenses | (3,250) | (1,300) |
| Interest payable on convertible debentures | 3,750 | 3,500 |
| Trade and other payables | (18,717) | (1,914) |
| Net cash used in operating activities | (36,278) | (15,758) |
| **Financing Activity** | | |
| Loan proceeds | 33,425 | - |
| Net cash provided by financing activity | 33,425 | - |
| **Net decrease in cash** | (2,853) | (15,758) |
| **Cash** | | |
| **Beginning of period** | 3,390 | 36,926 |
| **End of period** | $ 537 | $ 21,168 |

See accompanying notes to the condensed interim financial statements.

VIKING GOLD EXPLORATION INC.



**STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**

(Expressed in Canadian dollars)

| | Notes | # of Issued and outstanding common shares | Share capital | Equity-settled employee benefit reserve | Deficit | Total deficiency |
|---|---|---|---|---|---|---|
| **Balance – December 31, 2016** | | 79,778,229 | $9,009,002 | $ 18,751 | $(10,093,597) | $ (1,065,844) |
| Comprehensive income for period | | - | - | - | 15,815 | 15,815 |
| Options expired | 7c | - | - | (10,000) | 10,000 | - |
| **Balance – March 31, 2017** | | 79,778,229 | 9,009,002 | 8,751 | (10,067,782) | (1,050,029) |
| Comprehensive income for period | | - | - | - | 37,945 | 37,945 |
| **Balance – December 31, 2017** | | 79,778,229 | 9,009,002 | 8,751 | (10,029,837) | (1,012,084) |
| Comprehensive loss for period | | - | - | - | 66,526 | 66,526 |
| **Balance – March 31, 2018** | | 79,778,229 | $9,009,002 | $ 8,751 | ($9,963,311) | ($945,558) |

See accompanying notes to the condensed interim financial statements.

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Viking Gold Exploration Inc. (the "Company") is a Canadian mineral exploration company with interests in projects located in Quebec. The Company is incorporated under the laws of the Province of Ontario and is a reporting issuer in the Provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta, and was a Tier-2 listed company on the TSX Venture Exchange ("TSX-V"), that previously traded under the symbol VGC. The Company is currently under a Cease Trade Order that was filed December 8, 2015 for failure to file its financial statements. The Company has been transferred to the NEX, but is still halted from trading.

The Company's exploration projects are described in Note 3. There has been no determination whether the Company's properties contain mineral reserves that are economically recoverable. Since its reorganization in 2004, the Company has not earned significant revenue and is considered to be an exploration stage entity.

During the three months ended March 31, 2018, the Company had a net income of $66,526 (2017 – $15,815) and an accumulated deficit of $9,963,311 as at March 31, 2018 (December 31, 2017 - $10,029,837), and it has not generated positive cash flow from operations. As at March 31, 2018, the Company also had a working capital deficiency of $946,373 (December 31, 2017 - $1,012,974).

Continuing operations of the Company are dependent on its ability to generate future cash flows, obtain additional financing and secure debt settlements with creditors. Management believes that sufficient working capital will be obtained from external financing to meet the Company's current and future liabilities and commitments as they become due, though there is a significant risk that additional financing may not be available on a timely basis or on terms acceptable to the Company.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its exploration and evaluation properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material. As a result of the financial matters discussed above, there is a material uncertainty that may cast significant doubt regarding the ultimate applicability of the Company's going concern assumption.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, negotiation of contracts, currency fluctuations and political uncertainty.

The address of the Company's registered office is #2B – 2900 John Street, Markham, Ontario, Canada, L3R 5G3.

## 2. BASIS OF PRESENTATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2017 annual financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 16, 2018.

b) Basis of Measurement

These condensed interim financial statements are prepared on the historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim financial statements are prepared using the accrual basis of accounting except for cash flow information. The Company uses the Canadian dollar for both its functional and presentation currencies.

c) Use of Judgements, Estimates and Assumptions

The Company makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors believed to be reasonable under the circumstances. Accounting estimates are reviewed on an ongoing basis and revisions are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant items in these condensed interim financial statements that involve the use of estimates include the following items:

- Estimation of decommissioning and restoration costs and the timing of expenditure

  Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes

  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Share-based payments

  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Commitments, contingencies and provisions

  See Notes 9 and 12.

d) Significant accounting policies

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 3 to the audited financial statements for the year ended December 31, 2017.

## 3. EXPLORATION AND EVALUATION ASSETS

a) In January 2018, the Company sold three interests in the North West Territories to Goldmining Inc. for 60,000 shares of Goldmining Inc. with a fair value of $79,800 based on the quoted market price of the shares on the date of the agreement.

b) During the year ended December 31, 2016, the Company sold its 60% interest in Viking Yellowknife JV for $70,000 and a conditional 250,000 shares of the purchasing company if the property was ever taken public, resulting in a gain of $70,000. The Company retains a 0.6% net smelter royalty ("NSR"), which the purchaser can buy back for $1,000,000.

During the year ended December 31, 2017, the Company received the conditional 250,000 shares of the purchasing company, resulting in a gain of $20,000 based on the quoted market price of the shares on the date they were received.

(Expressed in Canadian dollars)

## 4. EQUIPMENT

A continuity schedule of the Company's equipment for the three months ended March 31, 2018 and the year ended December 31, 2017 is as follows:

| | | Total |
|---|---|---|
| Cost | | |
| As at December 31, 2016 and 2017 and March 31, 2018 | $ | 4,741 |
| Accumulated Depreciation | | |
| As at December 31, 2016 | | 3,551 |
| Depreciation for year | | 300 |
| As at December 31, 2017 | | 3,851 |
| Depreciation for the period | | 75 |
| As at March 31, 2018 | | 3,926 |
| Net Book Value | | |
| As at December 31, 2017 | $ | 890 |
| As at March 31, 2018 | $ | 815 |

## 5. INVESTMENTS

| | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Investment in Troy Energy Corp. At March 31, 2018 and December 31, 2017 - 250,000 common shares with a cost of $20,000 | $ | 22,500 | $ | 20,000 |
| Investment in Cartier Resources Inc At March 31, 2018 and December 31, 2017 - 100,000 common shares with a cost of $12,000 | $ | 20,000 | $ | 12,000 |
| Investment in Goldmining Inc. At March 31, 2018 – 60,000 common shares with a cost of $79,800 | $ | 74,400 | $ | Nil |
| | $ | 116,900 | $ | 32,000 |

## 6. AMOUNTS RECEIVABLE

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Amounts receivable | | |
| Sales tax refundable (HST/QST) | $ 9,296 | $ 6,046 |
| Total amounts receivable | $ 9,296 | $ 6,046 |

## 7. SHARE CAPITAL

a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of voting common shares without nominal or par value.

(Expressed in Canadian dollars)

b) Issued Share Capital

There were no changes to issued share capital during the three months ended March 31, 2018 or the year ended December 31, 2017.

c) Common Share Purchase Options

Under the Company's stock option plan, common share purchase options may be granted to employees for up to 10% of the issued and outstanding common shares. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the TSX-V, and will not otherwise be less than $0.10 per share. The maximum exercise period for a granted option is 5 years.

All of the Company's outstanding options have a 5-year term and vested at their respective grant dates.

A continuity schedule of the Company's outstanding and exercisable common share purchase options for the three months ended March 31, 2018 and the year ended December 31, 2017 is as follows:

| Expiry date | Exercise price | January 1, 2017 | Granted 2017 | Exercised 2017 | Expired 2017 | December 31, 2017 and March 31, 2018 |
|---|---|---|---|---|---|---|
| February 9, 2017 | $0.175 | 150,000 | - | - | (150,000) | - |
| May 1, 2018 | $0.10 | 525,000 | - | - | - | 525,000 |
| Total options | | 675,000 | - | - | (150,000) | 525,000 |
| Weighted-average exercise price | | $ 0.117 | $ - | $ - | $ 0.175 | $ 0.10 |

The 525,000 options outstanding and exercisable as at March 31, 2018 have a weighted-average remaining contractual life of 0.08 years. The options expired unexercised subsequent to March 31, 2018.

## 8. LOAN PAYABLE

On March 5, 2018, the Company entered into a loan agreement for proceeds of $33,425. The loan bears interest at 10% and is due September 2, 2018. The interest rate increases to 20% if repayments are not made by the due date. The loan agreement includes a bonus payment of $10,000 to the lender if the Company's common shares are reinstated for trading.

## 9. PROVISION FOR INDEMNIFICATION OF FLOW-THROUGH SUBSCRIBERS

As at December 31, 2012, the Company was committed to incur $566,880 in qualifying Canadian exploration expenditures prior to January 1, 2014, pursuant to two 2012 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2012.

(Expressed in Canadian dollars)

The Company incurred actual qualifying expenditures of $6,444 in 2012 and $7,608 in 2013, leaving a shortfall of $552,828 as at December 31, 2013. Accordingly, effective December 31, 2013, the Company recorded (in other expense and current liabilities) a $400,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency and Revenu Québec, attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible. In 2014, the Company recorded a further $15,000 related to interest on reassessed amounts.

The Company has made the following assumptions in estimating its subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 47.97% and are eligible for both the federal 15% and provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 48.22% and are eligible for the federal 15% investment tax credit and the 150% CEE "super-allowance";
- Of the $552,828 shortfall, $73,329 applies to Ontario subscribers and $479,499 applies to Quebec subscribers; and
- Subscribers will be assessed two year's interest on reassessed amounts.

As at March 31, 2018 and December 31, 2017, the Company has also accrued in trade and other payables (see Note 10), the estimated Federal Part XII.6 tax and similar Quebec tax for 2013 and prior years.

As at December 31, 2012, the Company had a $69,000 flow-through share premium liability which was transferred to the deferred tax provision effective December 31, 2013, in recognition of the Company's indemnification accrual.

Additional contingent liabilities with respect to the Company's flow-through share commitments for 2011 and prior years are discussed in Note 12a.

## 10 TRADE AND OTHER PAYABLES

| | **March 31, 2018** | **December 31, 2017** |
|---|---|---|
| Trade payables | $ 24,695 | $ 32,662 |
| Accrued expenses | 52,850 | 63,600 |
| Accrued Part XII.6 tax and related amounts (Note 9) | 100,627 | 100,627 |
| Due to related parties (Note 11b) | 292,982 | 292,982 |
| | $ 471,154 | $ 489,871 |

During the year ended December 31, 2017, the Company settled several debts with creditors for a net gain of $92,556.

## 11. RELATED PARTY TRANSACTIONS

The Company considers its related parties to consist of: i) the Company's key management personnel (namely officers and directors) and those companies subject to their control or significant influence; and ii) advisory committee members and consultants providing services to the Company on a basis similar to employees.

(Expressed in Canadian dollars)

a) Summary of Related Party Transactions

Details of the Company's transactions with related parties for the three months ended March 31, 2018 and 2017, are as follows:

| | **March 31, 2018** | **March 31, 2017** |
|---|---|---|
| Statements of Loss and Comprehensive Loss | | |
| Management fees – officers' companies | $ 7,500 | $ 10,000 |

The Company's officers receive fees through their companies pursuant to fee-for-service arrangements in lieu of salaries. The Company's Board of Directors approves these fees and any share-based compensation.

b) Related Party Balances

As at March 31, 2018, amounts payable to related parties of $292,982 (December 31 2017 - $292,982) represents fees owed/accrued to officers and their companies/law firm and also to advisory committee members. These liabilities are unsecured, non-interest bearing and due within 30 days.

As at March 31, 2018 and December 31, 2017, related parties were also invested in the convertible debenture (see Note 16).

## 12. COMMITMENTS AND CONTINGENCIES

a) Flow-through Shares

The Company believes that it has incurred sufficient qualifying expenditures to satisfy its December 31, 2011 and prior flow-through share commitments in respect of Ontario and Quebec subscribers, though such expenditures and the Company's related tax returns are subject to potential audit and reassessment by Canada Revenue Agency and Revenu Québec. The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them, if the Company fails to meet its expenditure commitments.

The Company's original December 31, 2012 flow-through share commitment is discussed in Note 9.

b) Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

## 13. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of components of shareholders' equity. 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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 during the three months ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

## 14. FINANCIAL RISK FACTORS

a) Financial Instruments

The Company's financial instruments include cash, trade and other payables, convertible debentures and interest payable on convertible debentures. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. In addition, the Company's financial instruments that are carried at fair value consist of FVTPL investments, classified as "level 1" within the fair value hierarchy.

b) Financial Risks

Risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk
The Company's financial assets are exposed to some credit risk. The Company has no significant concentration of credit risk arising from operations. The Company does not use derivatives to manage credit risk.

Liquidity Risk
The Company's approach to managing liquidity risk is to try to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company has a substantial deficiency of financial liabilities over financial assets of $946,373; accordingly, liquidity risk is assessed as critical.

As at March 31, 2018, the Company's trade and other payables have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's provision for indemnification of flow-through subscribers is recorded as a current liability though there is uncertainty regarding the actual amount and timing of the realization of this liability. The Company may potentially reduce its liquidity risk through additional private placements and debt settlements with creditors.

Market Risk
The Company's market risk has three components – interest rate risk, foreign currency risk and price risk.

(i) Interest rate risk

The Company has cash balances and fixed rate debentures. The Company's current policy is to periodically invest temporary cash surpluses in guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

(ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and all purchases are transacted in Canadian dollars. The Company has no foreign operations and thus has no foreign exchange risk derived from either currency conversions or from holding foreign currencies. The Company does not speculate in the foreign currency market nor does it have any need to acquire foreign currency hedges.

(iii) Price risk

The Company is exposed to some price risk with respect to commodity prices; however, this is limited since the Company is not a producing entity. The Company closely monitors commodity prices to determine its appropriate course of action. The Company is exposed to price risk with respect to its investments. Unfavourable market conditions could result in dispositions of investments at less than favourable prices.

c) Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

For the three months ended March 31, 2018, a 10% change in the closing prices of its portfolio investments would result in an estimated change in net income (loss) of $11,690 (December 31, 2017 - $3,200) based on the fair value of the investments held at March 31, 2018.

## 15. SEGMENTED INFORMATION

The Company’s operations comprise a single operating segment engaged in the acquisition, exploration and development of mineral properties in Canada.

## 16. CONVERTIBLE DEBENTURES

On July 7, 2014, the Company completed a private placement of $107,500 10% unsecured convertible debentures (the “Debentures”) that matured on June 30, 2015. A related party invested $10,000 in the placement. The Debentures bear interest at the rate of 10% per annum which interest will be paid on maturity.

The Debentures (plus any unpaid and accrued interest) are convertible, at the option of the holder, into units (each a “Unit”) at a conversion price (the “Conversion Price”) of $0.01 per Unit over the term of the Debenture, subject to the TSX-V minimum pricing requirement of $0.05 for the first 12 months and $0.10 thereafter until maturity. In the event of a share consolidation by the Company, the Conversion Price will be adjusted proportionately, though it will still be subject to the same $0.05 and $0.10 TSX-V minimum pricing requirements on a post-consolidation basis.

Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at the Conversion Price for a period of 36 months from the date of issuance of the warrant.

Interest expense on the Debentures for the three months ended March 31, 2018 was $3,750 (2017 – $3,500).

Assuming that $107,500 of the Debentures are subsequently converted by the holders at a $0.10 conversion price, and there is no share consolidation, this would result in the issuance of 1,075,000 Units, representing the equivalent of 1,075,000 common shares and 1,075,000 warrants (or a combined potential 2,150,000 common shares if all the warrants were subsequently exercised). No value has been assigned to the equity conversion option as the conversion rate substantively exceeds the market value of the equity and the limited time to maturity result in the value of the conversion option not being significant.

On June 30, 2015, the debenture holders agreed to extend the maturity of the debentures, under the same terms and conditions, to December 31, 2015. No further extensions have been given and therefore, the full balance of the convertible debentures has been presented as a current liability.

## 17. EVENTS AFTER THE REPORTING PERIOD

a) 60,000 shares of Goldmining Inc. were sold in June 2018 for net proceeds of $63,450.

b) On July 17, 2018, the Company entered into an additional loan agreement for proceeds of $40,850. The loan bears interest at 10% and is due November 14, 2018. The interest rate increases to 20% if repayments are not made by the due date.