ARGOGOLD

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEX

Management's Responsibility for Financial Statements

The accompanying financial statements of Argo Gold Inc. (The "Company" or "Argo Gold") are the responsibility of management and the Board of Directors. The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Chris Irwin"
Chris Irwin
Interim President and Chief Executive Officer

"Kenney Storey"
Kenney Storey
Chief Financial Officer

Toronto, Canada
April 30, 2019

UHY McGovern Hurley LLP
Chartered Professional Accountants

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Independent Auditor's Report

To the Shareholders of Argo Gold Inc.

Opinion

We have audited the financial statements of Argo Gold Inc.(the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2018.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of during the year ended December 31, 2018 and, as of that date, had a cumulative deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 30, 2019

Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2018	December 31, 2017
Assets		
Current		
Cash	**$ 250,713**	$ 51,912
Subscriptions receivable (Note 9)	**802,838**	-
Investments (Note 5)	**137,025**	-
Prepaid expenses	**8,254**	-
HST receivable	**28,125**	106,115
	1,226,955	158,027
Exploration and evaluation assets (Note 7)	**1,418,026**	1,235,355
Equipment (Note 8)	**6,178**	4,632
	$ 2,651,159	$ 1,398,014
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities	**$ 91,436**	$ 92,507
Due to related parties (Note 10)	**186,333**	13,516
Flow-through share premium liability (Note 9, 12)	**299,466**	-
	577,235	106,023
Shareholders' Equity		
Share capital (Note 9)	**12,453,235**	11,440,050
Contributed surplus	**685,358**	633,207
Deficit	**(11,064,669)**	(10,781,266)
	2,073,924	1,291,991
	$ 2,651,159	$ 1,398,014

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 12)

Subsequent events (Note 13)

Approved by the Board of Directors of the Company and authorized on April 30, 2019:

"*Chris Irwin*"
Chris Irwin
Director

"*Paul Olmsted*"
Paul Olmsted
Director

The accompanying notes form an integral part of the financial statements

Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
For the years ended

	December 31, 2018	December 31, 2017
Expenses		
Amortization (Note 8)	$ 2,961	$ 2,951
Management fees (Note 10)	109,000	124,242
Business development and investor relations	122,524	120,655
Professional fees (Note 10)	115,939	83,198
Consulting fees	73,017	92,833
Listing and regulatory fees	8,092	23,227
Advertising and promotion	65,672	38,070
Administrative fees	70,261	15,906
Exploration expenses	3,600	5,600
Share-based compensation (Note 9)	56,327	185,551
Total expenses	627,393	692,233
Loss before the undernoted	(627,393)	(692,233)
Gain on shares issued for debt (Note 9)	-	23,900
Flow-through share premium recovery	-	37,170
Gain on disposal of properties (Note 5, 7)	689,866	-
(Loss) on value of investments (Note 5)	(412,605)	-
Write-down of exploration and evaluation assets	-	(43,963)
Net loss and comprehensive loss for the year	$ (350,132)	$ (675,126)
Net loss per share		
Basic and diluted loss per share	$ (0.01)	$ (0.03)
Weighted average numer of shares outstanding - basic and diluted	30,294,323	26,253,649

The accompanying notes form an integral part of the financial statements

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Common shares	Amount	Contributed surplus	Accumulated deficit	Total
Balance at December 31, 2016	19,574,128	$ 10,227,861	$ 325,440	$ (10,106,140)	447,161
Shares issued for cash (Note 9.b)(ix)	3,090,000	492,631	157,369	-	650,000
Shares issued for debt settlement (Note 9.b)(x)	2,390,000	215,100	-	-	215,100
Shares issued for property (Note 7, 9.b)(xi)	1,750,000	315,000	-	-	315,000
Share issue costs	-	(43,645)	-	-	(43,645)
Exercise of warrants (Note 9.b)(xii)	2,057,500	240,903	(35,153)	-	205,750
Flow through premuim	-	(7,800)	-	-	(7,800)
Share-based compensation (Note 9.c)	-	-	185,551	-	185,551
Net loss and comprehensive loss	-	-	-	(675,126)	(675,126)
Balance at December 31, 2017	28,861,628	$ 11,440,050	$ 633,207	$ (10,781,266)	$ 1,291,991
Balance at December 31, 2017	28,861,628	$ 11,440,050	$ 633,207	$ (10,781,266)	1,291,991
Shares issued for cash (Note 9.b)(v)(vi)(vii)	5,712,055	1,187,630	-	-	1,187,630
Shares issued for debt settlement (Note 9.b)(i)(iii)	1,080,000	190,400	-	-	190,400
Shares issued for property (Note 7, 9.b)(ii)	200,000	30,000	-	-	30,000
Share issue costs	-	(102,899)	21,929	-	(80,970)
Flow through premium	-	(299,466)	-	-	(299,466)
Warrants exercised (Note 9.b)(viii)	376,198	48,746	(10,602)	-	38,144
Issuance of warrants	-	(60,854)	60,854	-	-
Warrants expired	-	-	(33,054)	33,054	-
Options exercised (Note 9.b)(iv)	100,000	19,628	(9,628)	-	10,000
Options cancelled	-	-	(33,675)	33,675	-
Share-based compensation (Note 9.c)	-	-	56,327	-	56,327
Net loss and comprehensive loss	-	-	-	(350,132)	(350,132)
Balance at December 31, 2018	**36,329,881**	**$12,453,235**	**$ 685,358**	**$(11,064,669)**	**$ 2,073,924**

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows
For the years ended
(Expressed in Canadian Dollars)

		December 31, 2018		December 31, 2017
Cash flows from operating activities				
Net loss	**$**	**(350,132)**	$	(675,126)
Adjustments not effecting cash:				
Amortization (Note 8)		**2,961**		2,951
Flow-through share premuim recovery		**-**		(37,170)
Share-based compensation (Note 9)		**56,327**		185,551
Gain on sale of exploration and evaluation assets (Note 5, 7)		**(689,866)**		-
Loss on value of investments (Note 5)		**412,605**		-
Write-down of exploration and evaluation assets		**-**		43,963
Shares issued for services		**-**		50,000
(Gain) on shares issued for debt		**-**		(23,900)
Operating cash flows before changes in non-cash working capital		**(568,105)**		(453,731)
Changes in non-cash working capital:				
Amounts receivable		**-**		8,400
Prepaid expenses		**(7,750)**		-
HST receivable		**77,990**		(96,378)
Accounts payable, accrued liabilities and due to related parties		**362,146**		65,323
Cash used in operating activities		**(135,719)**		(476,386)
Cash flows from investing activities				
Acquisition of exploration and evaluation assets (Note 7)		**(218,555)**		(476,517)
Sale of investments (Note 5)		**6,120**		-
Sale of exploration and evaluation assets (Note 5, 7)		**200,000**		-
Purchase of equipment (Note 8)		**(4,507)**		(6,389)
Cash used in investing activities		**(16,942)**		(482,906)
Cash flows from financing activities				
Issuance of common shares (Note 9)		**384,792**		600,000
Share issue costs (Note 9)		**(80,970)**		(43,645)
Exercise of options (Note 9)		**10,000**		-
Exercise of warrants (Note 9)		**37,640**		205,750
Cash provided by financing activities		**351,462**		762,105
Net change in cash		**198,801**		(197,187)
Cash, beginning of year		**51,912**		249,099
Cash, end of year	**$**	**250,713**	$	51,912
Supplemental cash flow information				
Value of common shares issued on debt settlement		**190,400**		215,100
Value of broker warrants issued		**27,355**		11,315
Value of common shares issued for property		**30,000**		315,000

The accompanying note form an integral part of the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Argo Gold Inc. (the "Company" or "Argo Gold") was incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol ARQ and is in the process of exploring its mineral properties. Effective September 19, 2016, the Company changed its name to Argo Gold Inc.

The address of the Company's corporate office and principal place of business is 365 Bay Street, Suite 400 Toronto, Ontario, M5H 2V1, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's' ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

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

The Company has not realized a profit from operations and has incurred significant expenditures related to property explorations resulting in a cumulative deficit of $11,064,669 as at December 31, 2018 (December 31, 2017 $10,781,266). The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be successful in future financing activities or be able to execute on its business strategy. As at December 31, 2018, the Company had current assets of $1,226,955 (December 31, 2017 - $158,027) to cover current liabilities of $577,235 (December 31, 2017 - $106,023).

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company for the years ended December 31, 2018 and 2017 were approved and authorized for issue by the Board of Directors on April 30, 2019.

Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of financial statements in conformity with IFRS requires that management make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement are areas where assumptions and estimates are significant in the financial statements are disclosed in below.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions 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 share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9(c).

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Allowance for other receivable

The fair value of the Company's receivables is considered to be the fair value of the amount expected to be received. Subsequent provisions for impairment are considered when amounts become past due or when other objective evidence is received that a specific counterparty will default.

Estimated useful life of equipment

Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

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.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 7 for details of the Company's capitalized exploration and evaluation costs.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Contingencies

See Note 12.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except where noted.

EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditure ("E&E") assets consist of exploration and mining concessions, patents, options and contracts. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.
E&E costs consist of:

- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and related deferred exploration costs are written off to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

EXPLORATION AND EVALUATION EXPENDITURES (continued)

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statements of operations for the period. In addition, capitalized E&E assets are assessed for impairment upon demonstrating the technical feasibility and commercial viability of the project.

EQUIPMENT

Recognition and Measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Office equipment is depreciated annually on a declining balance basis using a rate of 20%
Computer hardware is depreciated annually on a declining balance basis using a rate of 55%.

Impairment

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying account (net of depreciation) that would have been determined had no impairment loss been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior period's net losses.

ACCOUNTING FOR INCOME TAXES

Income tax expense comprises of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.

LOSS PER COMMON SHARE

The Company presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and stock options granted by the Company. Diluted loss per share for the periods presented does not include the effect of all the Company's stock options and warrants as they are anti-dilutive.

SHARE-BASED PAYMENTS

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for E&E assets, are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of the instruments is measured as determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for E&E assets is based upon the trading price on the date of the agreement to issue shares as determined by the Board of Directors.

RECLAMATION OBLIGATION

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an E&E interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2018 and December 31, 2017.

SHARE CAPITAL

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares, share warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

WARRANTS

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to contributed surplus. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the contributed surplus account is recorded as an increase to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company measures its investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and subscription receivables held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets

IFRS 9 allows simplified approach simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and due to related parties, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Accounting policy under IFRS 9 prior to January 1, 2018

The Company holds certain financial instruments such as cash and accounts payable and accrued liabilities, the fair value of which approximate their carrying value due to the short-term nature of these instruments.

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to a contract. Both financial assets and liabilities are initially measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs. IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") requires classification of financial assets at inception into one of four categories: fair value through profit or loss, held to maturity; loans and receivables, and available for sale; and classification of financial liabilities at inception into one of two categories: fair value through profit or loss and other liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit or loss

The Company has classified its cash as financial assets at fair value through profit or loss.

Loans and receivables

Accounts receivable are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses. Gains and losses are recognized in profit or loss when loans are derecognized or impaired.

Available for sale

Available for sale financial instruments securities are measured initially at fair value. They are accounted for at fair value with unrealized gains and losses included in other comprehensive income (loss). When there is a significant or prolonged decline in the fair value of an available for sale financial asset or there is objective evidence that the asset is impaired, the cumulative loss equal to the difference between the acquisition cost and its fair value, less any impairment loss that has been recognized in other comprehensive income (loss) will be reclassified from equity' to profit or loss even though the financial asset has not been derecognized.

Impairment of financial assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been negatively impacted.

Impairment of financial assets (continued)

The carrying amount of the financial asset is directly reduced by any impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Other Liabilities

Accounts payable and accrued liabilities and due to related parties are classified as other liabilities are carried at amortized cost. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments recorded at FVTPL

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Investments are classified as level 1.

PROVISIONS

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect 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.

FLOW THROUGH SHARES

Upon the issuance of flow through shares, the Company records the initial proceeds to capital stock, net of any tax liability, if any. The flow through premium liability on the statement of financial position represents

FLOW THROUGH SHARES (continued)

the premium of the financing price in excess of the market share price on the date of the flow through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs expenditures to meet flow through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, the Company adopted this standard retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018. There were no effects on opening balances at January 1, 2018 with respect to the adoption of this policy.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 9, *Financial Instruments*

IFRS 9 replaces International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Investments	Held for trading	FVPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

RECENT ACCOUNTING PRONOUNCEMENTS

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

4. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The balance of the 2019 budget is planned to be funded by the financing that took place during the fourth quarter ended December 31, 2018 and additional financing to be carried out during the coming year 2019. There is no certainty of the Company's ability to raise additional financing.

As at December 31, 2018 the Company held cash and subscriptions receivable of $1,053,551 (December 31, 2017 - $51,912) to settle current liabilities of $577,235, which includes $296,466 of flow through premium liability (December 31, 2017 - $106,023).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. Management believes that the risk that the Company may realize a loss on interest rates is minimal because the Company has no debt at this time. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and subscriptions receivable. The Company has reduced its credit risk by having its cash held with a Canadian chartered bank. The subscriptions receivable were received subsequent to December 31, 2018.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (continued)

Classification of financial instruments

The Company's financial assets and financial liabilities as at December 31, 2018 and 2017 were as follows:

	Amortized cost	FVPL	Total
December 31, 2017			
Cash	51,912	-	51,912
Accounts payable and accrued liabilities	(92,507)	-	(92,507)
Due to related parties	(13,516)	-	(13,516)
December 31, 2018			
Cash	250,713	-	250,713
Subscriptions receivable	802,838	-	802,838
Investments	-	137,025	137,025
Accounts payable and accrued liabilities	(91,436)	-	(91,436)
Due to related parties	(186,333)	-	(186,333)

At December 31, 2018 and 2017, there were no significant concentrations of credit risk for receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rate on the instruments.

5. INVESTMENTS

The Company's investments as at December 31, 2018 consist of the following:

	Shares	Share price	Share Value
Manitou Gold Inc.	3,860,000	$ 0.035	$ 135,100
RT Minerals Corp.	35,000	$ 0.055	$ 1,925
Total Fair Value of Investments			$ 137,025

On February 14, 2018, Argo Gold completed a purchase and sale agreement to sell a 100% interest in the South Wawa Gold Project to RT Minerals Corp. for consideration of 350,000 common shares of RT Minerals Corp. On June 19, 2018 RT Minerals Corp. announced a consolidation of its common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares.

(Expressed in Canadian Dollars)

5. INVESTMENTS (continued)

On April 4, 2018, the Company completed a purchase and sale agreement to sell its 100% interest in 16 unpatented mining claims comprising its Rockstar Gold Project located in the Sault Ste. Marie Mining Division to Manitou Gold Inc. The consideration for its Rockstar Property, was: 1) $200,000 payable to the Company on closing, 2) 4 million shares of Manitou Gold Inc. on closing, and 3) A 1% net smelter return royalty (the "Royalty") in favour of Argo Gold on the Rockstar Property. The Purchaser has a one-time right to purchase 0.5% of the Royalty from Argo Gold for the sum of $500,000. During the fourth quarter ended December 31, 2018 the Company sold into the open market 140,000 shares of Manitou shares for proceeds of $6,270.

6. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its share capital. As at December 31, 2018 the Company's share capital was $12,453,235 (December 31, 2017 - $11,440,050).

There were no changes in the Company's approach to capital management during the year ended December 31, 2018 and 2017 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments or make adjustments to its capital expenditure program.

7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2018	December 31, 2017
Woco	**$ 444,887**	$ 369,872
Hurdman	**366,590**	352,831
Upper Canada/Wawa Area	**362,942**	373,591
McVicar	**31,360**	25,413
South Wawa	**-**	17,500
Mishi Lake	**81,253**	81,253
Geisler Patents	**30,000**	-
Cobalt Projects	**59,836**	-
Other	**41,158**	14,895
	$ 1,418,026	$ 1,235,355

7. EXPLORATION AND EVALUATION ASSETS (continued)

Woco Gold Property

On February 15, 2017, the Company acquired a 100% interest in the Woco mineral claims located in Earngey Township located 85 kilometres northeast of Ear Fall, Ontario from Dollard Mines Ltd in exchange for one million common shares of the Company and the grant of a 2% net smelter return royalty on the property. The fair value of the shares was estimated at $160,000 based on the quoted market price of the shares.

On August 8, 2017, the Company acquired a 100% interest in the Northgate Gold Project located in Earngey Township – adjacent to the Woco Gold Project – from Rubicon Minerals Corporation in exchange for 500,000 common shares of the Company and a 2.0% net smelter returns royalty on the claims (with 1.0% of this 2.0% royalty assigned to a third party per an existing agreement).

In the spring of 2018, Argo Gold staked additional hectares adjacent to the west-southwest boundary.

Hurdman Property

On September 4, 2013, the Company closed the acquisition of the Hurdman Property with Eloro Resources Ltd. ("Eloro"), whereby the Company acquired the Eloro wholly owned Hurdman Property in Hurdman Township. The acquisition was completed by issuing 5,000,000 common shares (post consolidation 1,250,000 common shares) and paying $40,000 in cash to Eloro.

In the spring of 2018, Argo Gold staked an additional 63 hectares to the southeast. The Hurdman Silver-Zinc Project is 100% owned by Argo Gold.

Wawa Area Gold Projects Acquired from Upper Canada - Rockstar, Macassa Creek, Abbie Lake

On November 7, 2016, the Company acquired a 100% interest in mineral claims located in the townships of Jacobson, Riggs, Abbie Lake area and David Lakes area near Wawa, Ontario from Upper Canada Exploration Inc., in exchange for an aggregate of 1,739,833 common shares of the Company with a fair value of $173,983 and the grant of a 2% net smelter returns royalty on the property. The mineral claims include: the Rockstar property in Jacobson and Riggs townships, which were subsequently sold to Manitou Gold Inc. on April 4, 2018, for the consideration of $200,000 in cash and 4,000,000 common shares of Manitou Gold Inc., the Macassa Creek property comprising of mineral claims in the David Lakes area, and the Abbie Lake property in the Abbie Lake area.

In the spring of 2018, Argo Gold staked additional mineral claims at both Macassa Creek and Abbie Lake. At Macassa Creek, Argo Gold staked additional hectares adjacent to the west boundary. At Abbie Lake, Argo Gold staked additional hectares adjacent to the east boundary.

7. EXPLORATION AND EVALUATION ASSETS (continued)

Mishi Lake Gold Project - Wawa Area

On April 7, 2017 the Company acquired a 100% interest in the Mishi Lake property located in the Mishibishu Lake Area and St. Germain Township of the Sault St. Marie Mining District in exchange for an aggregate of 250,000 common shares of the Company. The fair value of the shares was estimated at $60,000 based on the quoted market price of the shares. The Mishi Lake Gold Project of comprised of mineral claims in the Mishibishu Lake Area and St. Germain Township located on the eastern central portion of the Mishibishu Deformation Zone in the Mishibishu Lake Greenstone Belt.

South Wawa Gold Project – Wawa Area

In February 2017, the Company staked claims to the southeast of Wawa in Naveau Township, Sault Ste. Marie Mining Division. The acquired claims were 100% owned by Argo Gold. On February 14, 2018, Argo Gold reached an agreement with an arm's length purchaser RT Minerals Corp. pursuant to which Argo Gold sold its 100% interest its South Wawa Gold Project for consideration of 350,000 common shares of RT Minerals.

McVicar Lake Gold Project

In June 2016, the Company staked hectares in the McVicar Lake area and Stoughton Lake area located approximately 90 kilometres west of Pickle Lake. The claims are 100% owned by the Company.

In September 2017, the Company also staked additional hectares adjacent to the west boundary. In the spring of 2018, Argo Gold staked additional hectares adjacent to the south boundary.

Geisler Patents Adjacent to the north boundary of the Woco Gold Project

On February 22 2018, Argo Gold entered into a mining claim acquisition agreement with Premier Gold Mines Limited to acquire a 100% interest in certain mineral claims adjacent to Argo Gold's 100%-owned Woco Gold Project located in Earngey Township. In exchange for these mineral claims, Premier received 200,000 common shares of Argo Gold. The fair value of the shares was estimated at $30,000 based on the quoted market price of the shares on the date the agreement was signed.

Cobalt Projects

On June 11, 2018, Argo Gold acquired several cobalt projects in Northern Ontario. Argo Gold has staked the Fortune Lake Property and the Campfire Lake Property. Both the Fortune Lake and Campfire Lake claims groups are in the Kenora Mining Division. In addition, Argo Gold has staked the Keelow Lake Property in the Sault Ste. Marie Mining Division. All the newly acquired claims are 100% owned by Argo Gold.

Other Projects

In the Spring of 2018, Argo Gold staked claims at Angela Lake in the Red Lake Mining Division.

(Expressed in Canadian Dollars)

8. EQUIPMENT

Cost		Office Equipment		Computer Hardware		Total Fixed Assets
Cost, January 1, 2017	$	4,438	$	-	$	4,438
Additions		-		6,389		6,389
Cost, December 31, 2017	$	4,438	$	6,389	$	10,827
Additions		-		4,507		4,507
Cost, December 31, 2018	**$**	**4,438**	**$**	**10,896**	**$**	**15,334**
Accumulated depreciation, January 1, 2017	$	4,438	$	-	$	4,438
Depreciation for the year		-		1,757		1,757
Accumulated depreciation, December 31, 2017	$	4,438	$	1,757	$	6,195
Depreciation for the year		-		2,961		2,961
Accumulated depreciation, December 31, 2018	**$**	**4,438**	**$**	**4,718**	**$**	**9,156**
Carrying value, December 31, 2017	$	-	$	4,632	$	4,632
Carrying value, December 31, 2018		**-**	**$**	**6,178**	**$**	**6,178**

9. SHARE CAPITAL

a) Authorized
Unlimited number of common shares
Unlimited number of special shares, issuable in series

b) Total outstanding shares at December 31, 2018: 36,329,881 (2017 – 28,861,628)

(i) On February 5, 2018, the Company settled an aggregate amount of $152,000 of indebtedness of the Company through the issuance of an aggregate of 760,000 common shares at a price of $0.20 per common share. The common shares issued pursuant to the debt settlement are subject to a four month and one day hold period pursuant to applicable securities laws.

(ii) On February 27, 2018, 200,000 common shares of the Company were issued with a fair value of $30,000 pursuant to the Geisler Patents purchase agreement.

(iii) On August 3, 2018, settled an aggregate of $38,400 of indebtedness of the Company through the issuance of an aggregate of 320,000 common shares at a price of $0.12 per common share. The common shares issued pursuant to the debt settlement are subject to a four month and one day hold period pursuant to applicable securities laws.

(iv) On November 27, 2018, 100,000 common shares were issued on exercise of options with an exercise price of $0.10, raising $10,000. Upon exercise, an amount of $9,628 was transferred from contributed surplus to share capital.

9. SHARE CAPITAL (continued)

(v) On December 12, 2018, the Company completed the first tranche of its non-brokered private placement offering through the issuance of 1,600,000 units at a price of $0.18 per unit and 1,600,000 flow through shares at a price of $0.22 per flow through share, for aggregate proceeds of $640,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.25 for a period of twelve (12) months from the date of closing of the first tranche. The fair value of these warrants was estimated at $56,456 using the assumptions noted in Note 9 (d). In connection with the issuance of the units subscribed for in the first tranche, the Company paid a finder's fee equal to $41,869 and issued an aggregate of 208,950 broker warrants, each broker warrant exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the first tranche. The securities issued in connection with the first tranche are subject to a hold period of four months and a day from the date of closing of the first tranche. The fair value of these warrants was estimated at $14,746 using the assumptions noted in Note 9 (d). The Company recognized a flow-through premium of $120,457 as a result of the issuance of flow through shares.

(vi) On December 21, 2018, the Company completed the second tranche of its non-brokered private placement offering through the issuance of 125,555 units at a price of $0.18 per unit and 1,023,000 flow through shares at a price of $0.22 per flow through share, for aggregate proceeds of $247,660. Each unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.25 for a period of twelve (12) months from the date of closing of the second tranche. The fair value of these warrants was estimated at $4,397 using the assumptions noted in Note 9 (d). In connection with the issuance of the units and flow-through shares subscribed for in the second tranche, the Company paid a finder's fee equal to $18,407 and issued an aggregate of 84,560 broker warrants. Each broker warrant is exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the second tranche. The securities issued in connection with the second tranche are subject to a hold period of four months and a day from the date of closing of the second tranche. The fair value of the broker warrants was estimated at $5,923 using the assumptions noted in Note 9 (d). The Company recognized a flow-through premium of $76,746 as a result of the issuance of flow-through shares.

(vii) On December 27, 2018, the Company completed the third tranche of its non-brokered private placement offering through the issuance of 1,363,500 flow through shares at a price of $0.22 per flow-through share, for aggregate proceeds of $299,970. In connection with the issuance of the flow-through shares subscribed for in the third tranche, the Company paid a finder's fee equal to $20,998 and issued an aggregate of 95,445 broker warrants. Each broker warrant is exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the third tranche. The securities issued in connection with the third tranche are subject to a hold period of four months and a day from the date of closing of the third tranche. The fair value of the broker warrants was estimated at $6,686 using the assumptions noted in Note 9 (d). The Company recognized a flow-through premium of $102,263 as a result of the issuance of flow-through shares.

$802,838 of the proceeds from the above mentioned three tranches of the Company's private placement were received subsequent to the year ended December 31, 2018.

(viii) During 2018, 376,198 common shares were issued on exercise of warrants with an exercise price of $0.10 and $0.12, raising $38,144. Upon exercise, an amount of $10,602 was transferred from contributed surplus to share capital.

9. SHARE CAPITAL (continued)

(ix) In May 2017, the Company raised an aggregate of $650,000 through the issuance of units and flow-through shares through the issuance of 2,450,000 units at a price of $0.20 per unit for gross proceeds of $490,000 and the issuance of 640,000 flow-through shares at a price of $0.25 per flow-through share for aggregate gross proceeds of $160,000. Included in the $650,000 raised is $50,000 of units that were issued for services. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.30 for a period of twenty-four (24) months from the date of closing. These warrants were valued at $146,054 using the assumptions noted in Note 9 (d). In connection with the offering the Company has paid issuance costs of $43,645 cash and issued an aggregate of 94,850 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.30 per common share for a period of twenty-four (24) months from the date of issuance. The broker warrants were valued at $11,315 using the assumptions noted in Note 9 (d). The Company recognized a flow-through premium of $7,800 as a result of the issuance of flow-through shares. It incurred sufficient exploration and evaluation expenditures in the year to satisfy the commitments made as a result of the 2017 issuance as well as the $176,220 commitment carried forward from the prior year. As result, the Company recognized a flow-through share premium recovery of $37,170.

(x) On January 17, 2017, the Company issued 2,390,000 common shares at a price of $0.09 per share to settle an aggregate of $239,000 of debt. The debt was held by various arm's length and non-arm's length creditors. The Company recorded a gain on settlement of debt of $23,900.

(xi) During 2017 the Company acquired 3 properties by issuing 1,750,000 common shares. In February 2017, the Company closed the November 2016 acquisition of the Woco property by issuing 1,000,000 common shares, in April 2017, the Company acquired the Mishi Lake property by issuing 250,000 shares and in August of 2017 acquired the Northgate property by issuing 500,000 common shares. The fair value of the shares was estimated at $315,000 based on the quoted market price of the shares.

(xii) During 2017, 2,057,000 common shares were issued on exercise of warrants with an exercise price of $0.10, raising $205,750. Upon exercise, an amount of $35,153 was transferred from contributed surplus to share capital.

c) Stock options

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled during the years ended December 31, 2018 and 2017.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

The stock options outstanding at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Number of Options	**Weighted Ave. Exercise Price**	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of the year	**2,800,000**	**$ 0.13**	1,500,000	$ 0.10
Granted	**599,000**	**0.11**	1,300,000	0.16
Exercised	**(100,000)**	**0.10**	-	-
Expired / Cancelled	**(350,000)**	**0.13**	-	-
Outstanding, end of the year	**2,949,000**	**$ 0.13**	2,800,000	$ 0.13

The following table summarizes information about stock options outstanding and exercisable at December 31, 2018.

	Number Outstanding at December 31, 2018	**Exercise Price**	**Weighted Average Remaining Life (years)**	**Date of Expiry**	**Number Exercisable at December 31, 2018**
August 18, 2016	1,300,000	$ 0.10	0.63	August 18, 2019	1,300,000
January 23, 2017	300,000	$ 0.10	1.06	January 23, 2020	300,000
March 30, 2017	250,000	$ 0.18	1.25	March 30, 2020	250,000
June 29, 2017	500,000	$ 0.20	1.50	June 29, 2020	500,000
June 14, 2018	500,000	$ 0.10	2.45	June 14, 2021	500,000
October12, 2018	99,000	$ 0.18	2.78	October 12 ,2021	99,000
	2,949,000	**$ 0.13**			**2,949,000**

The Company provides compensation to directors, employees and consultants in the form of stock options.

During 2018, the Company granted an aggregate of 599,000 (2017 – 1,300,000) options to purchase common shares of the Company exercisable at prices between $0.10 and $0.18 (2017 - $0.10 and $0.20) per share, vesting immediately and expiring 36 months after issue date to officers and consultants. The common shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.

The stock-based compensation expense related to the options for the year ended December 31, 2018 was $56,327 (December 31, 2017 - $ 185,551.)

The fair value of the options granted are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

	December 31, 2018	December 31, 2017
Share price	**$0.10 - $0.18**	$0.07 - $0.20
Exercise price	**$0.10 - $0.18**	$0.10 - $0.20
Risk-free interest rate	**1.92%**	0.71% - 1.09%
Expected time to maturity	**3 years**	3 years
Estimated volatility of the Company's common shares	**153% - 169%**	220% - 228%
Expected dividend yield	**Nil**	Nil
Forfeiture rate	**Nil**	Nil

d) Warrants

The following table summarizes warrants that are outstanding at December 31, 2018 and 2017:

	Number of Warrants		**Black-Scholes Value**		**Weighted Average Exercise Price**
Balance, December 31, 2016	**3,355,745**	**$**	**114,831**	**$**	**0.10**
Issued	340,500		40,266	$	0.30
Issued	465,500		55,642	$	0.30
Issued	513,850		61,460	$	0.30
Exercised	(2,057,500)		(35,153)	$	(0.10)
Balance, December 31, 2017	2,618,095	$	237,046	$	0.20
Issued	1,251,733		82,783	$	0.25
Exercised	(376,198)		(10,602)	$	(0.10)
Expired	(922,047)		(33,054)	$	0.10
Balance, December 31, 2018	**2,571,583**	**$**	**276,173**	**$**	**0.28**

The fair value of warrants issued for the year ended December 31, 2018 of $82,783 (2017 - $157,369) was estimated using the Black-Scholes pricing model. The assumptions used for the valuation of warrants were as follows:

	December 31, 2018	December 31, 2017
Share price	**$0.15**	$0.22 - $0.25
Exercise price	**$0.25**	$0.30
Risk-free interest rate	**1.90% - 2.21%**	0.60% - 0.70%
Expected time to maturity	**1 year**	2 years
Estimated volatility of the Company's common shares	**166%**	225% - 228%
Expected dividend yield	**Nil**	Nil
Forfeiture rate	**Nil**	Nil

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

At December 31, 2018, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants Outstanding	Exercise Price		Weighted Average Remaining Life	Date of Expiry
340,500	$	0.30	0.34	May 2, 2019
465,500	$	0.30	0.36	May 11, 2019
513,850	$	0.30	0.40	May 26, 2019
208,950	$	0.25	0.95	December 12, 2019
800,000	$	0.25	0.95	December 12, 2019
84,560	$	0.25	0.97	December 21, 2019
62,778	$	0.25	0.97	December 21, 2019
95,445	$	0.25	0.99	December 27, 2019
2,571,583			**0.65**	

10. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the period ended December 31, 2018 and 2017 as follows:

		December 31, 2018		December 31, 2017
Management fees and consulting expense:				
Management fees charged by CFO for corporate administrative and financial management services (10.b)	$	49,000	$	49,242
Consulting fees charged by the CEO for corporate administration (10.b)		60,000		75,000
Share based payments		31,741		-
	$	**140,741**	**$**	**124,242**
Professional fees expense:				
Legal fees charged by an officer/director for legal and corporate secretarial services	$	49,577	$	57,533
	$	**49,577**	**$**	**57,533**

a) Included in accounts payable and accrued liabilities are consulting fees of $107,018 (December 31, 2017 - $3,189) to the CEO for management fees and expenses, and legal fees of $79,315 (December 31, 2017 - $10,327) due to a company controlled by a director in common with the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

b) Key management compensation was incurred during the year was $109,000 (December 31, 2017 - $124,242) in salaries.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

c) As a result of the debt settlement arrangement that occurred on February 5, 2018 the Company settled amounts payable of $15,000 to a company controlled by a director in common with the Company.

d) As a result of the debt settlement arrangements that occurred on January 17, 2017, the Company settled amounts payable of $56,000 with the former CFO for 560,000 shares of the Company. The Company settled liabilities of $110,000, including the short-term debt, with a company controlled by a director in common with the Company for 1,100,000 shares of the Company. The Company settled amounts payable of $30,000 with the CEO for 300,000 shares of the Company.

11. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 – 26.5%) were as follows:

	2018 $	2017 $
(Loss) before income taxes	(350,132)	(675,126)
Expected income tax recovery based on statutory rate	(93,000)	(179,000)
Adjustment to expected income tax benefit:		
Share based compensation	15,000	49,000
Flow-through renunciation	-	(10,000)
Loss on disposal of marketable securities	55,000	-
Other	6,000	6,000
Benefit of tax assets not recognized	17,000	134,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

	2018 $	2017 $
Recognized deferred tax assets and liabilities:		
Mineral property costs	(243,000)	(32,000)
Other temporary differences	243,000	32,000
Deferred income tax assets	-	-

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018 $	2017 $
Non-capital loss carry-forwards	1,899,000	1,193,000
Share issue costs	96,000	42,000
Other temporary differences	422,000	419,000
Total	2,417,000	1,654,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Non-capital Losses Carried Forward

The Company has approximately $2,816,000 (2017 - $1,643,093) of non-capital losses as at December 31, 2018 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

Year of Expiry	2018 $
2026	190,000
2027	354,000
2028	210,000
2030	138,000
2031	193,000
2032	121,000
2033	187,000
2034	93,000
2035	95,000
2036	237,000
2037	558,000
2038	440,000
	2,816,000

12. COMMITMENTS AND CONTINGENCIES

As at December 31, 2018, the Company had a commitment to spend $877,030 (December 31, 2017 - $Nil) from amounts raised by flow-through financing on eligible Canadian exploration and development expenses by December 31, 2019.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow through common shares on Canadian qualifying exploration expenditures. The Company has indemnified current and previous flow-through subscribers for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Upon issuance of the flow-through shares in December 2018 in the amount of $877,030, the Company recorded a flow-through liability of $299,466. As expenditures are incurred, the flow-through share liability will be reversed. Through December 31, 2018, the Company has not incurred any eligible exploration expenditures. The Company must spend the $877,030 on qualifying exploration expenditures by December 31, 2019.

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

13. SUBSEQUENT EVENTS

On January 29, 2019 – Argo Gold settled an aggregate of $12,000 of indebtedness of the Company with a creditor through the issuance of an aggregate 80,000 common shares at a price of $0.15 per common share. The common shares issued pursuant to the debt settlement are subject to a four month and one day hold period pursuant to applicable securities laws.

On February 11, 2019, Argo Gold acquired additional claims, expanding of their 100% owned Woco Gold Project, located just outside of the Red Lake Gold District.

In early January 2019, the Company sold an additional 360,000 shares of their holdings in Manitou Gold for proceeds of $16,200. The number of shares still held in Manitou Gold is now at 3,500,000.

During January and February 2019, 550,000 common shares were issued on exercise of options with an exercise price of $0.10, raising $55,000. Upon exercise, an amount of $37,509 was transferred from contributed surplus to share capital.