



Condensed Interim Financial Statements

For the three month and six month periods ended March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

INDEX

| | <u>Page</u> |
|---|-------------|
| Management's Responsibility Report | 2 |
| Statements of Financial Position | 3 |
| Statements of Loss and Comprehensive Loss | 4 |
| Statements of Changes in Equity | 5 |
| Statements of Cash Flows | 6 |
| Notes to the Financial Statements | 7 - 26 |

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim consolidated financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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



Management's Responsibility for Financial Reporting

The accompanying condensed interim financial statements of McLaren Resources Inc (the "Company") are the responsibility of management and the Board of Directors. The condensed interim 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 condensed interim 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 condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim 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 condensed interim financial statements and (ii) the condensed interim 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 consolidated 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 consolidated 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 consolidated 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.

(signed) *"Radovan Danilovsky"*
Radovan Danilovsky
President

May 29, 2018



(An Exploration Stage Enterprise)
Statements of Financial Position
 (Expressed in Canadian Dollars)

| <i>As at,</i> | | March 31, 2018 | September 30, 2017 |
|---|-------|---------------------------|-----------------------|
| | Note | \$ (Unaudited) | \$ |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | 4 | 732,152 | 474,143 |
| Marketable securities | 5 | 3,939 | 7,092 |
| Amounts receivable | 6 | 66,256 | 1,637 |
| Prepaid expenses | 7 | 96,119 | - |
| | | 898,466 | 482,872 |
| Liabilities and Shareholders' Deficiency | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 9,11 | 48,469 | 20,948 |
| Flow-through share premium liability | | - | 63,720 |
| Loan payable | | 15,000 | - |
| | | 63,469 | 84,668 |
| Shareholders' deficiency | | | |
| Capital stock | 12(b) | 7,088,113 | 6,255,629 |
| Warrants | 12(c) | 402,829 | 258,830 |
| Contributed surplus | 13 | 900,339 | 874,103 |
| Deficit | | (7,556,284) | (6,990,358) |
| | | 834,997 | 398,204 |
| | | 898,466 | 482,872 |

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Notes 10)

On behalf of the Board of Directors on May 29, 2018;

"John Heslop" (signed)
 Director

"Paul Crath " (signed)
 Director



(An Exploration Stage Enterprise)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

| For the periods ended, | | Three months | | Six months | |
|--|------|------------------|------------------|------------------|------------------|
| | | March 31, | March 31, | March 31, | March 31, |
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | \$ | \$ | \$ | \$ |
| Management fees | 11 | 25,000 | - | 35,000 | - |
| Office, general and administrative | | 8,965 | 5,776 | 17,141 | 7,621 |
| Professional fees | | 3,507 | 8,787 | 6,879 | 11,287 |
| Director fees | | 27,500 | - | 27,500 | - |
| Consulting fees | | 9,752 | 72,875 | 125,752 | 93,750 |
| Licenses, taxes and fees | | - | 500 | - | 2,000 |
| Investor relations | | 4,390 | 13,151 | 5,928 | 13,837 |
| Business Development | | 47,708 | - | 47,708 | - |
| Stock-based compensation | | 26,236 | 180,589 | 26,236 | 180,589 |
| Exploration and evaluation | 8 | 197,621 | 9,881 | 400,191 | 11,381 |
| Foreign exchange | | - | 1,848 | - | 1,848 |
| | | (350,679) | (293,407) | (692,335) | (322,313) |
| Flow-through share premium recovery | | - | - | 129,562 | - |
| Net Loss from operations | | (350,679) | (293,407) | (562,773) | (322,313) |
| (Loss) Gain in value of marketable securities held for trading | | (1,766) | 4,498 | (3,153) | 4,498 |
| Net Loss and comprehensive loss for the period | | (352,445) | (288,909) | (565,926) | (317,815) |
| Loss per share | | | | | |
| Weighted average number of shares - basic and diluted | | 49,717,822 | 38,904,508 | 46,161,006 | 34,574,395 |
| Net Loss per share-basic and fully diluted | | (0.01) | (0.01) | (0.01) | (0.01) |

The accompanying notes form an integral part of these unaudited condensed interim financial statements



(An Exploration Stage Enterprise)
Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

| | Share Capital | | Reserves | | Contributed Surplus \$ | Accumulated Deficit \$ | Total \$ |
|--|-------------------|------------------|------------------------|----------------|------------------------|------------------------|------------------|
| | Number of Shares | Amount \$ | Shares to be issued \$ | Warrants \$ | | | |
| Balance at September 30, 2016 | 30,244,281 | 5,797,221 | - | - | 712,998 | (6,668,986) | (158,767) |
| Private placement | 3,500,000 | 175,000 | - | - | - | - | 175,000 |
| Shares issued for Director fees | - | (105,000) | - | - | - | - | (105,000) |
| Shares issued to renew Property option | 300,000 | - | - | - | - | - | - |
| Shares issued on CFO debt settlement | - | - | - | 62,684 | - | - | 62,684 |
| Flow-through share premium | 280,000 | - | - | - | - | - | - |
| Share based payments | - | - | - | - | 180,589 | - | 180,589 |
| Flow-Through Private Placement | 2,500,000 | 125,000 | - | - | - | - | 125,000 |
| Private Placement | 1,301,500 | 104,120 | - | - | - | - | 104,120 |
| Shares issued on Flow-Through PP | 3,865,000 | 309,092 | - | - | - | - | 309,092 |
| Issuance of warrants | - | (374,532) | - | 116,828 | - | - | (257,704) |
| Shares issued for Finder Fees | 65,730 | - | - | - | - | - | - |
| Shares for services | 625,000 | - | - | - | - | - | - |
| Net loss for the period | - | - | - | - | - | (317,815) | (317,815) |
| Balance at March 31, 2017 | 42,681,511 | 6,030,901 | - | 424,966 | 893,587 | (6,986,801) | 362,653 |
| Balance at September 30, 2017 | 42,681,511 | 6,255,629 | - | 258,830 | 874,103 | (6,990,358) | 398,204 |
| Private placement flow-through | 3,100,000 | 310,000 | - | 42,703 | - | - | 352,703 |
| Private placement | 400,000 | 40,000 | - | 9,686 | - | - | 49,686 |
| Private placement | 2,150,000 | 215,000 | - | - | - | - | 215,000 |
| Private placement | 3,420,000 | 427,500 | - | 106,389 | - | - | 533,889 |
| Grant of options | - | - | - | - | 26,236 | - | 26,236 |
| Shares for services | 850,000 | 93,750 | - | - | - | - | 93,750 |
| Finders shares | 274,000 | (56,475) | - | - | - | - | (56,475) |
| Issuance of warrants | - | (197,291) | - | (14,779) | - | - | (212,070) |
| Net loss for the period | - | - | - | - | - | (565,926) | (565,926) |
| Balance at March 31, 2018 | 52,875,511 | 7,088,113 | - | 402,829 | 900,339 | (7,556,284) | 834,997 |

The accompanying notes form an integral part of these unaudited condensed interim financial statements



(An Exploration Stage Enterprise)

Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

| | March 31, 2018 \$ | March 31, 2017 \$ |
|---|-------------------------|-------------------------|
| For the six month periods ended, | | |
| Operating | | |
| Net (loss) for the period | (565,926) | (317,815) |
| Items not affecting cash | | |
| Common shares issued for services | 50,000 | 50,000 |
| Shares issued to renew TimGinn option | - | 15,000 |
| Shares issued for fees | 43,750 | |
| Stock-based Compensation | 26,236 | 180,589 |
| Flow-through share premium | (129,562) | |
| | (575,502) | (72,226) |
| | (3,153) | (4,498) |
| Decrease (Increase) in amounts receivable | (64,619) | (2,620) |
| Decrease (Increase) in prepaid expenses | (96,119) | (1,015) |
| (Decrease) Increase in accounts payable and accrued liabilities | 15,519 | 16,861 |
| (Decrease) Increase in flow through share liability | (63,720) | - |
| Increase in loan payable | 15,000 | - |
| Net changes in non-cash working capital balances: | (197,092) | 8,728 |
| Cash and cash equivalents used in operating activities | (772,594) | (63,498) |
| Financing | | |
| Proceeds from short-term Loan | 75,000 | |
| Proceeds from issuance of common shares | 992,500 | 583,712 |
| Share issue costs | (56,475) | (12,250) |
| | 1,011,025 | 571,462 |
| Net increase in cash position | 238,431 | 507,964 |
| Cash, and cash equivalents, beginning of period | 474,143 | 4,285 |
| Cash and cash equivalents, end of period | 712,574 | 512,249 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | |
|----------------------------|---------|---|
| Cash paid for: | | |
| Shares issued for services | 274,000 | - |
| Income taxes | | |

The accompanying notes form an integral part of these unaudited condensed interim financial statements



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS

McLaren Resources Inc. (CSE:MCL) (the "Company") was incorporated on July 13, 1999 under The Business Corporations Act (Ontario). The Company's head office is located at 44 Victoria Street, Suite 1616, Toronto, Ontario M5C 1Y2.

On September 26, 2011, the Company announced it had entered into an option agreement with Red Mile Minerals Corp. whereby Red Mile has the option to earn 50% interest in the Blue Quartz Property Extension ("BQ Extension") which is owned 100% by the Company. Upon completion of the option agreement, the Company and Red Mile will each own 50% of the entire Blue Quartz BQ-Extension Property package.

On November 8, 2011 the Company signed a binding Letter of Intent ("LOI") with TimGinn Exploration Limited ("TimGinn") to earn 60% in a past producing gold Property located in the heart of the Timmins Gold Camp and adjacent to Goldcorp's Hollinger and McIntyre mines (Note 8).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. As at March 31, 2018, the Company has been incurring losses and has an accumulated deficit of \$7,556,284 (September 30, 2016 - \$6,990,358). The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. Management intends to obtain further financing through the issuance of flow through shares and private placements. While management has been successful in the past, the ultimate outcome of these matters cannot presently be determined because they are contingent on future events. However, the Company's management believes that it will be successful in meeting its business objectives, and that the going concern assumption remains appropriate.

The business of 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 properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and 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. Changes in future conditions could require material write-downs of the carrying values.

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 exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 29, 2018, the date the Board of Directors approved the statements.

The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending

The financial statements were authorized for issue by the Board of Directors on May 29, 2018. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale financial assets, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these financial statements are in accordance with IFRS. The functional currency of the Company and its subsidiaries is expressed in Canadian dollar.

(c) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' equity at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the change in estimate occur and in any future periods affected.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets and mineral properties, the continuing viability of mineral

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

property interests, fair value measurements for financial instruments, share-based payments, and other equity-based payments, the determination of reclamation obligations, the valuation allowance on deferred income tax assets, the value of the premium included in flow through share issuances and the estimated useful life and recoverability of equipment. Actual results may differ from those estimates and judgments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The policies applied in these financial statements are based upon IFRS issued and outstanding as of March 31, 2018.

(a) Exploration and Evaluation expenditures

Exploration expenditures typically include costs of prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures reflect costs incurred at the exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration. Evaluation expenditures include the costs of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven probable reserve, (ii) determining the optimal methods of extraction and metallurgical and treatment processes, (iii) studies related to surveying, transportation and infrastructure requirements, (iv) permitting activities, and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, pre-feasibility and final feasibility studies.

(b) Rehabilitation and Restoration

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. Provision for the rehabilitation and restoration is recorded when an obligation is incurred with a corresponding increase in related asset. At each date of the statement of financial position, the provision for rehabilitation and restoration is re-measured in line with changes in discount rates, timing and other costs to be incurred. The provision amount is periodically reviewed and updated based on the facts and circumstances available. As at March 31, 2018 the Company did not incur any rehabilitation and restoration obligation.

(c) Financial instruments

(i) Financial assets

Financial assets are classified into four categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), loans and receivables and available-for-sale ("AFS").

- **Fair value through profit or loss ("FVTPL")**

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Company

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of income (loss).

- Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of income (loss).

- Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classified its financial assets which consisted of trade and other receivables as loans and receivables.

- Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(ii) Financial liabilities

Financial liabilities are classified into one of two categories: fair value through profit or loss and other financial liabilities.

- Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the statement of financial position at fair value, with the changes in fair value recognized in the statement of income (loss).

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

- Other financial liabilities

This category includes trade and other payables and due to related party, which are recognized at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, note payable, and other current liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Impairment of financial assets

The Company's financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and recorded in general and administrative expense. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through the statement of income (loss).

(c) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and have maturity dates of three months or less from the date of purchase. Cash consists of cash on deposit with a major Canadian bank. Cash is designated as FVTPL and are carried at fair value.

(d) Marketable securities

Marketable securities include publicly traded equity shares and warrants which have been classified as held-for-trading and are carried at fair value based on quoted market prices. The increase or decrease in fair value is reported as income or loss.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

(e) Prepaid expense

Prepaid expense represents advance payments made to vendors for expenses applicable to a future period. They include an advance payment made to a consultant.

(f) Property and equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an item of the property and equipment consists of the purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the following annual rate, which is used to estimate the useful lives of the assets:

| | |
|-------------------------------|-----|
| Computer and office equipment | 20% |
|-------------------------------|-----|

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) Evaluation and exploration expenditures

Evaluation and exploration expenditures are costs incurred to source a mineral property and determine technical feasibility and commercial viability of developing the project. Exploration costs typically include costs associated with sampling, drilling, geological surveys and other activities directed at confirmed gold mineral zones. Evaluation costs are directed at determining the feasibility and commercial viability of developing the claim.

Evaluation and exploration expenditures are charged to operations in the period until the Company determines that the development is technically feasible and commercially viable. At such point, expenditures are capitalized as mining interests.

(h) Decommissioning obligations

The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows. As at March 31, 2018, the Company has determined that it does not have material decommissioning obligations.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

(i) Share Capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue. The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned nil value and included in capital stock with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments.

(j) Share-based payments

The Company has a stock option plan. Share-based payments to officers and directors are measured at the fair value of the instruments issued and amortized over their respective vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in equity as the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The expected term to exercise is based upon historical data of the average hold period before exercise. Expected volatility is estimated with reference to the historical share price volatility of the Company's share price.

(k) Flow-through shares

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Common shares issued on a flow-through basis typically include a premium because of the tax benefits provided to the investor. At the time of issue, the Company estimates the proportion of the proceeds attributable to the premium and the common shares. The premium is estimated as the excess of the subscription price over the value of common shares on the date of the transaction and is recorded as a deferred liability. The Company recognizes a pro-rata amount of the premium through the statement of loss and comprehensive loss as other income with a corresponding reduction to the deferred tax liability as the flow-through expenditures are incurred and renounced.

When the flow-through expenditures are incurred and renounced, the Company records the tax effect as a change to profit or loss and an increase to deferred income tax liabilities. To the extent that the Company has deferred income tax assets that were not recognized in previous periods, a deferred income tax recovery is recorded to offset the liability resulting from the renunciation.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except for items recognized in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an assets or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantially enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net earnings in the year of change.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(m) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. Due to the losses for the period ended March 31, 2018 and March 31, 2017, basic loss per share is equal to dilutive loss per share for the periods presented.

(n) New accounting standards and interpretations

The following Standard is effective for annual periods beginning on or after January 1, 2015; however, the effective date has been deferred. The Company is assessing the impact of this standard.

IFRS 9 Financial Instruments was issued to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses's the classification and measurement of financial assets. IFRS 9 was subsequently reissued in October 2010, incorporation new requirements on accounting for financial liabilities.



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

4. CASH AND CASH EQUIVALENTS

The balance at March 31, 2018 consists of cash on deposit with a major Canadian bank in general interest-bearing accounts totaling \$732,152 (September 30, 2017 - \$474,143).

5. MARKETABLE SECURITIES

The Company's marketable securities consist of the following:

| | March 31, 2018 | September 30, 2017 |
|--|-------------------|-----------------------|
| | \$ | \$ |
| <u>Held-for-trading:</u> | | |
| Shoal Point Energy common shares (8,000 shares @ \$0.05 per share) | 400 | 3,000 |
| Osisko Mining Inc. (1,388 - common shares @ \$2.55) | 3,539 | 6,732 |
| | 3,939 | 9,732 |

In 2016, Osisko Mining Inc. purchased Northern Gold Mining Inc. in an all stock transaction. On February 7, 2013 Northern Gold Mining Inc. had purchased Victory Gold Mines Inc. in an all stock transaction with every two (2) Victory Gold Mines Inc. common shares being exchanged for (1) common share of Northern Gold Mining Inc.

The shares have been classified as held-for-trading.

6. AMOUNTS RECEIVABLE

The Company's trade and other receivables includes harmonized services tax ("HST") due from the Canadian government and other receivables. These are broken down as follows:

| | March 31, 2018 | September 30, 2017 |
|----------------|-------------------|-----------------------|
| | \$ | \$ |
| HST receivable | 66,256 | 6,355 |

At March 31, 2018, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 15.

The Company holds no collateral for any receivable amounts outstanding as at March 31, 2018.



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

7. PREPAID EXPENSES

Prepaid expenses represent advance payments made to vendors for expenses applicable to a future period.

8. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are broken down as follows:

| | March 31, 2018 \$ | September 30, 2017 \$ | Cumulative to date \$ |
|---|-------------------------|-----------------------------|-----------------------------|
| Northern Ontario, Canada | | | |
| Blue Quartz | | | |
| Exploration and evaluation expenditures | - | 1,225 | 213,603 |
| BQ-Extension | | | |
| Acquisition | - | - | 68,000 |
| Property tax 50% | 1,613 | 1,621 | 6,627 |
| TimGinn | | | |
| Acquisition | - | 5,000 | 5,000 |
| Exploration and evaluation expenditures | 200,001 | 2,531 | 854,355 |
| Property tax | - | 3,260 | 3,260 |
| Augdome | | | |
| Exploration and evaluation expenditures | 198,577 | - | 217,473 |
| Property tax | - | 1,500 | 1,500 |
| | \$ 400,191 | \$ 15,137 | \$ 1,369,818 |

Northern Ontario, Canada

Blue Quartz

On December 6, 2010, the Company and Orla Mining Ltd. ("Orla") (formerly Red Mile Minerals Corp.), entered into an Option Agreement whereby McLaren could earn a 50% interest in the Blue Quartz gold property, with the Company having the right of first refusal on the remaining 50% interest. The Property consists of 25 patented mining claims and is located in Beatty Township, Northern Ontario. To earn a 50% interest in the Blue Quartz Property, the Company paid \$10,000 cash and issued 100,000 common shares with a deemed price of \$0.14 per share and is required to spend \$200,000 on exploration and development.

On July 26, 2011, the Company purchased additional property "BQ-Extension" from 2285944 Ontario Limited consisting of 8 unpatented claims totaling 240 hectares or approximately 600 acres for a purchase price of \$68,000.



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

Blue Quartz (Continued)

During the calendar year ended December 31, 2011, the Company completed the \$200,000 in exploration and development expenditures and exercised its option to acquire 50% of the Blue Quartz property holding 25 patented mining claims. A 1.0% Net Smelter Royalty ("NSR") is retained by the predecessor companies (Thundermin Resources Inc. and Wesdome Mines Ltd.). Upon completion of the earn in and exercising its option to acquire the 50% interest in the Blue Quartz property, the Company has the right to purchase 50% (.05%) of the NSR from the predecessor companies for \$250,000.

On September 26, 2011, the Company entered into an option agreement with Orla whereby Orla has the option to earn 50% interest in the Blue Quartz Property Extension ("BQ Extension") which is owned 100% by the Company. The BQ-Extension property consists of 8 unpatented claims totaling 240 hectares or approximately 600 acres. Upon completion of the option agreement the Company and Orla will each own 50% of the entire Blue Quartz and BQ-Extension Property package.

TimGinn

Subsequent to March 31, 2018 the Company announced the successful completion of a four-hole, 1,038 metre, exploration drill program on its 238-hectare TimGinn Gold Property. Drill core from the program has been sent for assay and results will be released in the coming weeks.

On November 7, 2011 the Company announced that it had signed a binding Letter of Intent ("LOI") with TimGinn Exploration Limited to earn a 60% interest in a past producing gold property located in the heart of the Timmins Gold Camp adjacent to Goldcorp's Hollinger and McIntyre mines which have combined production of over 30 million ounces of gold to date.

On December 7, 2016, the Company announced the signing of an agreement with TimGinn Exploration Limited to renew the TimGinn Property option agreement for a term of five years with an effective start date of January 1, 2017. McLaren can earn a 50% interest in the TimGinn Property by spending \$1.4 million over five years, of which \$200,000 was committed to be spent on or before April 30, 2018. As per agreement, such funds were spent.

Augdome

The Company controls a 100% interest in the 414-hectare Augdome Gold Property located in Tisdale and Whitney Townships in the prolific Timmins Gold District, Northeastern Ontario. The Property is located immediately east of the Dome Mine operated by Goldcorp Canada Ltd. ("Goldcorp").



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the periods. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms. The Company has the following contractual maturities:

| | March 31, 2018 \$ | March 31, 2016 \$ |
|------------------------|-------------------------|-------------------------|
| 0 - 3 months | 45,175 | 19,883 |
| 3 - 6 months | 3,294 | - |
| 6 - 9 months | - | - |
| 9 - 12 months | - | - |
| Greater than 12 months | - | 15,000 |
| | 48,469 | 34,883 |

10. COMMITMENTS AND CONTINGENCIES:

The Company has committed to spend \$1.4 million in exploration over five years on the TimGinn property as follows;

| | April 30, 2018 | April 30, 2019 | April 30, 2020 | April 30, 2021 | April 30, 2022 | Total |
|---------|----------------|----------------|----------------|----------------|----------------|-------------|
| TimGinn | \$- | \$300,000 | \$300,000 | \$300,000 | \$300,000 | \$1,200,000 |

The Company's operations were partly financed by the issuance of flow-through shares. However, there is no assurance that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose.

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at fair value.

(a) The Company entered into the following transactions with related parties:

| | Three month Period Ended March 31, 20182017 | |
|---|---|-------|
| Management and consulting fees paid to officers and directors | 25,000 | 6,287 |
| Paid to a law firm which an officer is a partner | - | - |
| Amount outstanding at end of period | - | - |
| Director fees | 27,500 | - |
| Amount outstanding at end of period | - | - |

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. CAPITAL STOCK

(a) Authorized

An unlimited number of one class of voting shares, designated common shares, with no par value.

(b) Issued and outstanding

| | March 31, 2018 | | September 30, 2017 | |
|---|---------------------|--------------|---------------------|--------------|
| | Number of shares | Amount \$ | Number of shares | Amount \$ |
| Beginning balance | 42,681,511 | \$ 6,255,629 | 30,244,281 | \$ 5,797,221 |
| Private placement flow-through (i) | 3,100,000 | 310,000 | - | - |
| Issuance of warrants (i) | - | (42,703) | - | - |
| Private placement (i) | 400,000 | 40,000 | - | - |
| Issuance of warrants (i) | - | (9,686) | - | - |
| Private placement (ii) | 2,150,000 | 215,000 | - | - |
| Private placement (iii) | 3,420,000 | 427,500 | - | - |
| Issuance of warrants (iii) | - | (144,902) | - | - |
| Share issued for services (iv) | 850,000 | 93,750 | - | - |
| Shares issued for finder fees (i) | 274,000 | - | - | - |
| Share issue costs (i, ii) | - | (56,475) | - | - |
| Private placement flow-through (v) | - | - | 3,500,000 | 175,000 |
| Issuance of warrants | - | - | - | (65,842) |
| Flow-through share premium (vi) | - | - | - | (39,158) |
| Issued on Property option renewal (vii) | - | - | 300,000 | 15,000 |
| Flow-through share premium (viii) | - | - | 2,500,000 | 125,000 |
| Shares issued for finder fees (ix) | - | - | 280,000 | 14,000 |
| Private placement (x) | - | - | 1,301,500 | 104,120 |
| Private placement flow-through (xi) | - | - | 3,865,000 | 309,200 |
| Share issued for debt (xii) | - | - | 625,000 | 50,000 |
| Shares issued for finder fees (xiii) | - | - | 65,730 | 5,258 |
| Issuance of Warrants | - | - | - | (59,092) |
| Issuance of Warrants | - | - | - | (39,797) |
| Issuance of Warrants | - | - | - | (94,099) |
| Share issue costs | - | - | - | (41,182) |
| Ending balance | 52,875,511 | \$ 7,088,113 | 42,681,511 | \$ 6,255,629 |

During the period the following transactions occurred:

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

- (i) On January 2, 2018 the Company issued 3,100,000 Flow-through common share units at \$0.10 per share for gross proceeds of \$310,000 and 400,000 common shares for a total of \$350,000. Each unit consists of one Flow-through common share and one half (1/2) common share purchase warrant, exercisable at \$0.15 for a period of 18 months. The warrants were valued at \$52,389 using the Black Scholes valuation model. Finder fees of \$9,100 was paid in cash and \$15,400 by way of issuance of 154,000 common shares.
- (ii) On January 15th, 2018 the Company issued 2,150,000 common shares as the previous financing was increased to accommodate the demand in the share offering. Finders fees of \$11,650 was paid in cash and \$2,000 by way of issuance of 20,000 common shares.
- (iii) During the 1st quarter of 2018, the Company issued 3,420,000 common share units at \$0.125 per share for gross proceeds of \$427,500. Each unit consists of one common share and one half (1/2) common share purchase warrant, exercisable at \$0.15 for a period of 18 months. Finders fee of \$10,325 was paid in cash.
- (iv) During the 1st quarter of 2018, the Company issued 850,000 common share for services. 500,000 shares were issued for \$50,000 of services for a value of \$.10 per share and 350,000 common shares were issued for \$43,750 of services for a value of \$.125 per share.
- (v) During the 1st quarter of 2017, the Company issued 3,500,000 Flow-through common share units at \$0.05 per share for gross proceeds of \$175,000 (net \$162,750). Each unit consists of one Flow-through common share and one half (1/2) common share purchase warrant, exercisable at \$0.10 for a period of 24 months. The warrants were valued at \$62,684 using the Black Scholes valuation model.
- (vi) A Flow-through premium of \$105,000 (September 30, 2017 - \$26,815) is calculated based on the residual value of flow-through shares (excess of subscription price over closing price multiplied by the number of shares subscribed).
- (vii) On December 7th, 2016, the Company announced the issuance of 300,000 common shares as a payment valued at \$15,000 on the renewal of the TimGinn option agreement.
- (viii) On January 19th, 2017, the Company announced the issuance of 2,500,000 common share units at \$0.05 per share unit raising \$125,000. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.10 per share for 24 months from the date of issuance.
- (ix) On January 19th, 2017, the Company announced the issuance of 280,000 common shares at a price of \$0.05 per share for payment of a finder fee.
- (x) On February 16th, 2017, the Company announced the issuance of 1,301,500 common share units at \$0.08 per share unit raising \$104,120. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.125 per share for 18 months from the date of issuance.



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

-
- (xi) On February 16th, 2017, the Company announced the issuance of 3,865,000 Flow-through common share units at \$0.08 per share unit raising \$309,200. Each unit consists of one common share issued on a flow-through basis and one-half (1/2) common share purchase warrant, with each full warrant being exercisable at \$0.125 per share for 18 months from the date of issuance.
- (xii) On February 16th, 2017, the Company announced the issuance of 625,000 common share units at \$0.08 per share unit as payment for \$50,000 of services provided by several service providers.
- (xiii) On February 16th, 2017, the Company announced the issuance of 65,730 common share at \$0.08 per share unit as payment of \$5,258.40 in finders fees.

c) Warrants:

These warrants are outstanding as at March 31, 2018:

| Date issued | Number of Warrants | Fair Value of Warrants \$ | Exercise Price \$ | Expiry Date |
|-------------------|--------------------|------------------------------|----------------------|-------------------|
| December 30, 2016 | 1,750,000 | \$ 62,684 | \$ 0.10 | December 30, 2018 |
| January 04, 2017 | 500,000 | \$ 18,355 | \$ 0.10 | January 04, 2019 |
| January 17, 2017 | 2,000,000 | \$ 98,418 | \$ 0.125 | January 17, 2019 |
| February 02, 2017 | 2,984,000 | \$ 49,120 | \$ 0.125 | August 02, 2019 |
| February 15, 2017 | 250,000 | \$ 9,438 | \$ 0.125 | August 15, 2019 |
| December 29, 2017 | 155,000 | \$ 6,036 | \$ 0.15 | June 29, 2019 |
| January 02, 2018 | 1,750,000 | \$ 52,389 | \$ 0.15 | June 29, 2019 |
| February 12, 2018 | 3,420,000 | \$ 106,389 | \$ 0.15 | August 12, 2019 |
| Totals | 12,809,000 | \$ 402,829 | | |

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair value of warrants were calculated based on the following assumptions:

| | Dec 30 2016/ Jan 4, 2017 | Jan 17, 2017 | Feb 2/Feb 15, 2017 | Dec 29 2017 | Jan 2, 2018 | Feb 12, 2018 |
|--------------------------|-----------------------------|-----------------|-----------------------|----------------|----------------|-----------------|
| Risk free interest rate | 0.75 % | 0.75 % | 0.75 % | 1.66 % | 1.66 % | 1.66 % |
| Expected volatility | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| Expected life (in years) | 2.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 |
| Stock price | \$ 0.05 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.10 |
| Exercise price | \$ 0.10 | \$ 0.13 | \$ 0.125 | \$ 0.15 | \$ 0.15 | \$ 0.15 |

d) Stock option plan:

The Company has adopted a stock option plan (the "Plan"), which provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with exchange requirements, grant to directors, officers, employees and consultants of the Company options to purchase the Company's shares, provided that the number of the Company's shares reserved for issuance may not exceed 10% of the issued and outstanding common shares at any time. Such options will be exercisable for a period of up to 5 years from the date of grant. Except in specified circumstances, options are not assignable and will terminate if the optionee ceases to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted.

As at March 31, 2018, common share options held by directors, officers, and consultants are as follows:

| Number of options outstanding | Exercise Price \$ | Expiry Date | Number of options exercisable |
|----------------------------------|----------------------|-------------------|----------------------------------|
| 1,225,000 | 0.125 | February 24, 2022 | 1,225,000 |
| 500,000 | 0.15 | February 24, 2020 | 500,000 |
| 300,000 | 0.125 | May 14, 2021 | 300,000 |
| 325,000 (i) | 0.15 | March 14, 2021 | 325,000 |
| 125,000 (i) | 0.15 | March 14, 2023 | 125,000 |
| 2,475,000 | 0.13 | | 2,475,000 |

The following table outlines the transactions of stock options occurred during the period:

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

| | March 31, 2018 | September 30, 2017 |
|--|-------------------|-----------------------|
| Weighted average exercise price | \$ 0.15 | \$ 0.125 |
| Balance, beginning of the period | 2,025,000 | - |
| Options granted during the period (i) | 750,000 | 2,025,000 |
| Options exercised during the period (ii) | (300,000) | - |
| Balance, end of the period | 2,475,000 | 2,025,000 |

- (i) On March 14th, 2018, the Company granted 750,000 stock options to its officers and directors and consultants with an exercise price of \$0.15 per share, for terms of up to 5 years.

In calculating the fair value of the options, the Company follows the Black-Scholes option pricing model. The following table summarizes the underlying assumptions that the Company used to determine the share-based compensation cost for the Company's option awards during the period.

| | Stock Options | Weighted Average Exercise Price |
|-----------------------------|---------------|---------------------------------------|
| Balance, September 30, 2017 | 2,025,000 | 0.125 |
| Granted | 750,000 | 0.150 |
| Exercised | (300,000) | - |
| Balance, March 31, 2018 | 2,475,000 | 0.13 |

The share-based compensation recorded during the period amounted to \$26,236 (2017- \$161,105) and credited to Contributed Surplus.

13. CONTRIBUTED SURPLUS

The following table summarizes the changes of Contributed Surplus during the period:

| | March 31, 2018 | September 30, 2017 |
|-----------------------------------|-------------------|-----------------------|
| | \$ | \$ |
| Balance - beginning of the period | \$ 874,103 | \$ 712,998 |
| Share-based payments | 26,236 | 161,105 |
| Balance - end of the period | \$ 900,339 | \$ 874,103 |

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

14. CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain the entity's ability to continue as going concern, support the Company's normal operating requirements and to continue the exploration and development of its mineral properties.

The capital of the Company consists of the items in the shareholders' equity. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company 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 debts or equity or similar instruments to obtain additional financing.

The Company's over-all strategy with respect to capital risk management remained unchanged during the period. The Company is not subject to any externally imposed capital requirements as at March 31, 2018.

15. 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 to up-to-date market information.

The Company's risk exposure and risk management policies and procedures have not changed.

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 on-going basis.

Commodity risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

Credit risk

The maximum exposure to credit risk is equal to the carrying amount of financial instruments classified as loans and receivables.

Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents. These funds are primarily used to finance working capital, operating expenses, exploration expenditures, capital expenditures, dividends and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities, holding adequate amounts of cash and cash equivalents. The current year's budget is planned to be funded and cash and cash equivalents provide additional flexibility for short-term timing fluctuations.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

Fair value

The carrying value and fair value of these condensed interim financial instruments at March 31, 2018 is disclosed below by financial instrument category, as well as any related interest expense for the period ended.

| Financial Instrument | March 31, 2018 | | | September 30, 2017 | | |
|--|----------------------|------------------|------------------------|----------------------|------------------|------------------------|
| | Carrying Value \$ | Fair Value \$ | Interest Expense \$ | Carrying Value \$ | Fair Value \$ | Interest Expense \$ |
| <i>Held-for-trading</i> | | | | | | |
| Cash | 732,152 | 732,152 | - | 474,143 | 474,143 | - |
| Marketable Securities | 3,939 | 3,939 | - | 7,092 | 7,092 | - |
| <i>Loan and receivable</i> | | | | | | |
| HST Recoverable | 66,256 | 66,256 | - | 1,637 | 1,637 | - |
| <i>Financial liabilities</i> | | | | | | |
| Accounts payable and accrued liabilities | 48,469 | 48,469 | - | 20,948 | 20,948 | - |
| Loan payable | 15,000 | 15,000 | - | - | - | - |

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at the balance sheet dates because of the short term maturity of these instruments. The fair value of the financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:



(An Exploration Stage Enterprise)

Notes to the Condensed Interim Financial Statements

March 31, 2018 and

(Expressed in Canadian Dollars)

(Unaudited)

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalent is measured based on Level 1 inputs referred to in the three levels of the hierarchy noted above. The Company does not have any Level 2 or Level 3 fair value measurements and thus no continuity schedule has been presented. In addition, there have been no significant transfers between levels.

16. LOSS PER SHARE

Net loss per share has been calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The effect of stock options and warrants was anti-dilutive and hence, the diluted loss per share equals the basic loss per share.

17. SUBSEQUENT EVENTS

On April 13, 2018 the Company announced the successful completion of a four-hole, 1,038 metre, exploration drill program on its 238-hectare TimGinn Gold Property (the "Property") located in Tisdale Township, central Timmins, in the prolific Timmins Gold District, Northeastern Ontario, Canada.