DECLAN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)
(Unaudited)

Three Month Period Ended
December 31, 2017

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Declan Resources Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	December 31, 2017 ($)	September 30, 2017 ($)
ASSETS		
Current assets		
Cash	350,045	134,013
Receivables (Note 5)	60,878	20,447
Short-term investments (Note 6)	394,638	906,583
Prepaid expenses	7,000	5,583
Deposits (Note 7)	-	-
	812,561	1,066,626
Exploration and evaluation assets (Note 9)	26,940	27,030
Restricted deposits (Note 8)	11,500	11,500
	851,001	1,105,156
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	309,244	770,586
Notes payable (Note 11)	-	248,271
	309,244	1,018,857
Shareholders' equity (deficiency)		
Share capital (Note 12)	20,106,438	19,106,438
Share-based payments reserve (Note 12)	1,554,336	1,554,336
Deficit	(21,119,017)	(20,574,475)
	541,757	86,299
	851,001	1,105,156

Nature of operations and going concern (Note 1)
Commitments (Note 17)
Subsequent Events (Note 19)

These consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2018. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

Declan Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended December 31, 2017 ($)	Three Month Period Ended December 31, 2016 ($)
EXPENSES		
Consulting fees	21,287	5,000
Foreign exchange loss	-	4,289
Insurance	583	1,750
Interest expense (Note 11 and 13)	-	24,478
Office and miscellaneous	17,209	11,120
Professional fees (Note 13)	1,300	1,000
Property investigation	(15,000)	4,812
Transfer agent and filing fees	7,218	2,222
Travel	-	3,318
Loss from operations	(32,597)	(57,989)
Interest income	-	30
Gain (loss) on short-term investments (Note 6)	(511,945)	28,976
Net loss and comprehensive loss	(544,542)	(28,983)
Basic and diluted loss per common share	(0.04)	(0.00)
Weighted average common shares outstanding:		
Basic	12,491,531	5,903,142
Diluted	12,491,531	5,903,142

Declan Resources Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders` Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Amount	Share-based Payments Reserve	Deficit	Total Shareholders' Equity (Deficiency)
		($)	($)	($)	($)
Balance at September 30, 2016	**5,903,142**	**18,107,921**	**1,554,336**	**(20,953,560)**	**(1,291,303)**
Loss and comprehensive loss for the period	-	-	-	(28,983)	(28,983)
					-
Balance at December 31, 2016	**5,903,142**	**18,107,921**	**1,554,336**	**(20,982,543)**	**(1,320,286)**
Shares issued pursuant to private placement	16,666,698	1,000,000	-	-	1,000,000
Share issue costs	-	(1,483)	-	-	(1,483)
Net income and comprehensive income for the period	-	-	-	408,068	408,068
Balance at September 30, 2017	**22,569,840**	**19,106,438**	**1,554,336**	**(20,574,475)**	**86,299**
Shares issued pursuant to private placement	7,142,857	1,000,000	-	-	**1,000,000**
Net loss and comprehensive loss for the period				(544,542)	**(544,542)**
Balance at December 31, 2017	**29,712,697**	**20,106,438**	**1,554,336**	**(21,119,017)**	**541,757**

Declan Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended December 31, 2017	Three Month Period Ended December 31, 2016
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income (loss) for the year	(544,542)	(28,983)
Items not affecting cash:		
Accrued interest	-	81,411
Gain on short-term investments	511,945	(28,976)
Changes in non-cash working capital items:		
Receivables	(40,431)	6,360
Deposits	-	25,620
Prepaid expenses	(1,417)	(3,250)
Accounts payable and accrued liabilities	(461,252)	(85,500)
CASH USED IN OPERATING ACTIVITIES	(535,697)	(33,318)
FINANCING ACTIVITIES		
Issuance of common shares	1,000,000	-
Repayment of notes payable	(248,271)	(7,500)
Proceeds from notes payable	-	1,500
CASH PROVIDED BY FINANCING ACTIVITIES	751,729	(6,000)
INVESTING ACTIVITIES		
Acquisition of short-term investments	-	(101,845)
Proceeds from the disposal of short-term investments	-	123,696
CASH PROVIDED BY IN INVESTING ACTIVITIES	-	21,851
CHANGE IN CASH DURING THE PERIOD	216,032	(17,467)
CASH - BEGINNING OF PERIOD	134,013	19,558
CASH - END OF PERIOD	350,045	2,091

Supplemental Cash Flow Information (Note 18)

1. NATURE OF OPERATIONS AND GOING CONCERN

Declan Resources Inc. (the "Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in Canada. On July 19, 2017, the Company consolidated its share capital on a 30:1 basis. All share and per share amounts have been restated to reflect the share consolidation.

At the date of these condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

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

The Company estimates that it will have enough capital to operate over the next twelve months.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2017, prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2018.

2. BASIS OF PRESENTATION (continued)

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Dormant
Talos Minerals Ltd.	Canada	100%	Dormant
Revonah Resources (SL) Ltd.	Sierra Leone	85%	Dormant
5498 Nunavut Inc.	Nunavut	100%	Exploration
Greenstone Minerals (SL) Ltd.	Sierra Leone	85%	Dormant

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Estimates:

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Judgements:

Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's annual consolidated financial statements for the year ended September 30, 2017.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's condensed interim consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following amendments to an existing standard has been issued for annual periods beginning on or after January 1, 2017 but is not yet effective:

IAS 12, *Income Taxes*

Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

IAS 16 & IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization

Amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 2, *Share-based Payment*

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

(Expressed in Canadian dollars)

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 is a new interpretation, which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will early adopt these standards.

5. RECEIVABLES

As at December 31, 2017, receivables consist of the following:

	December 31, 2017	**September 30, 2017**
	($)	**($)**
GST receivable	4,899	7,968
Other receivables	55,514	12,014
Interest receivable	465	465
Related party receivable (Note 13)	-	-
	60,878	20,447

(Expressed in Canadian dollars)

6. SHORT-TERM INVESTMENTS

	December 31, 2017		September 30, 2017	
Name	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
		($)		**($)**
Versus Systems Inc.	1,283,000	386,988	1,283,000	898,159
MagOne Products Inc.	25,500	7,650	25,500	8,424
		394,638		906,583

The Company has classified it short-term investments as fair value through profit or loss.

During the period ended December 31, 2017, the Company realized net proceeds of $Nil (2017 - 472,156) and recorded an unrealized loss of $511,945 (2017 - gain of $665,882) from the disposition of short-term investments.

7. DEPOSITS

As at December 31, 2017, deposits consisted of $Nil (September 30, 2017 - $Nil) held by the Government of Saskatchewan with respect to outstanding exploration work commitments on the Davidson River property.

8. RESTRICTED DEPOSITS

As at December 31, 2017, restricted deposits consisted of $11,500 (September 30, 2017 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

9. EXPLORATION AND EVALUATION ASSETS

Turner Lake Property

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. in exchange for consideration of $25,000. 5498 Nunavut Inc.'s only asset is the Turner Lake property located in Nunavut, of which 5498 Nunavut Inc. is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property. A schedule of exploration and evaluation asset acquisition costs during the period ended December 31, 2017 and the year ended September 30, 2017 is as follows:

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Property	As at September 30, 2017	Other	Shares	Option Payments	As at December 31, 2017
	($)	($)	($)	($)	($)
Turner Lake Property	27,030	(90)	-	-	26,940

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2017, the Company's accounts payable and accrued liabilities is comprised of the following:

	December 31, 2017	September 30, 2017
	($)	($)
Accounts payable	174,894	305,532
Related party payable (Note 13)	15,550	331,693
Accrued liabilities	16,000	16,230
Interest payable (Note 13)	102,800	109,050
	309,244	762,505

11. NOTES PAYABLE

During the year ended September 30, 2017, the Company issued notes payable that bear interest at 10% per annum, payable quarterly, and mature three years from the date of issuance, for proceeds of $49,900 and repaid $771,800.

During the three month period ended December 31, 2017,the Company repaid $248,271 in principal loans and $66,977 in accrued interest. The Company accrued $Nil (September 30, 2017 - $98,461) in interest expense.

As at December 31, 2017, a total of $102,800 (September 30, 2017 - $169,777) in accrued interest remains outstanding to be paid and is included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the three month period ended December 31, 2017, the Company completed a non-brokered private placement and issued 7,142,857 units at $0.14 per unit, generating gross proceeds of $1,000,000. Each Unit consists of one common share and one common share purchase warrant, exercisable at $0.25 for a period of one year from the date of issue.

During the year ended September 30, 2017, the following transactions took place:

On July 19, 2017, the Company completed a consolidation of its issued and outstanding share capital on the basis of one post-consolidation share for each 30 pre-consolidation share. No fractural shares were issued and any fraction was rounded down to the nearest whole number. All share and per share amounts have been restated to reflect the share consolidation.

On September 1, 2017, the Company completed a non-brokered private placement and issued 16,666,667 common shares at $0.06, generating gross proceeds of $1,000,000.

c) Stock options

The Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – September 30, 2015	318,333	3.00
Expired	(86,667)	3.00
Balance – September 30, 2016	231,666	3.00
Expired	(31,666)	4.80
Balance –September 30, 2017, and December 31, 2017	200,000	2.70

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

As at December 31, 2017, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	(years)
October 7, 2018	166,666	166,666	2.70	1.02
November 22, 2018	33,333	33,333	2.70	1.15
	200,000	200,000	2.70	1.04

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2017		
Granted	7,142,857	$0.25
Balance – December 31, 2017	7,142,857	$0.25

As at September 30, 2017, the Company had 7,142,857 share purchase warrants outstanding.

13. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the three month period ended December 31, 2017 and 2016:

<u>Key Management Compensation</u>

	2017	2016
	($)	($)
Consulting fees paid or accrued to a director of the Company.	-	-
Management fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company	-	-
Professional fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	1,000	1,000
Total	1,000	1,000

(Expressed in Canadian dollars)

Other Related Party Transactions

	2017 ($)	2016 ($)
Office sharing and occupancy costs paid or accrued to a corporation that shares management in common with the Company. (Note 16)	17,000	10,000
Interest expense accrued to two corporations controlled by the CEO of the Company.	-	18,238
Interest expense accrued to a corporation that shares management in common with the Company.	-	1,060
Total	17,000	29,298

a) As at December 31, 2017, a total of $11,350 (September 30, 2017 - $10,300) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CFO of the Company for professional fees.

b) As at December 31, 2017, a total of $40,688 (September 30, 2017 - $40,688) was included in accounts payable and accrued liabilities owing to a former director of the Company for consulting fees.

c) As at December 31, 2017, a total of $4,200 (September 30, 2017 - $Nil) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common with the Company for office sharing and occupancy costs.

d) As at December 31, 2017, a total of $Nil (September 30, 2017 - $116,948) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common with the Company for exploration expenditures.

e) During the three month period ended December 31, 2017, the Company repaid a total of $224,750 of notes payable and accrued interest to related parties.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at September 30, 2017. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

15. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There have been no changes to the Company's approach to capital management during the three month period ended December 31, 2017.

(Expressed in Canadian dollars)

16. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are all located in Canada.

17. COMMITMENTS

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $5,000 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease. Effective December 1, 2017, the cost sharing arrangement was amended such that the Company will pay $7,000 plus GST per month until the expiration of the underlying head lease on July 31, 2021.

Fiscal Year	**Amount**
	($)
2018	63,000

18. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	**2016**
	($)	**($)**
Interest paid during the period	-	-
Income taxes paid during the period	-	-
Supplemental Disclosure of Cash Flow Information:		
Shares issued for exploration and evaluation assets	-	-
Note payable issued to settle accounts payable	-	-

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the following significant transactions occurred:

a) On February 9, 2018, the Company settled outstanding debt of $40,687 owed to one creditor for past services, through the issuance of 156,490 common shares at a deemed price of $0.26.