CHIMATA
GOLD CORP

Financial Statements
December 31, 2017 and 2016

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chimata Gold Corp.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chimata Gold Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Chimata Gold Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

CHIMATA GOLD CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2017	December 31, 2016
		$	$
Assets			
Current assets			
Cash		704,117	23,205
Prepayments		84,773	–
		788,890	23,205
Non-current assets			
Exploration and evaluation assets	4 & 12	364,000	5,000
Total assets		1,152,890	28,205
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	4 & 5	215,636	42,291
		215,636	42,291
Long-term liabilties			
Long-term payable	4 & 12	150,000	–
		365,636	–
Shareholders' Equity			
Share capital	7	2,451,406	833,802
Share-based reserve	7	298,058	62,500
Loan reserve		61,994	61,994
Deficit		(2,024,204)	(972,382)
		787,254	(14,086)
Total shareholders' equity and liabilities		1,152,890	28,205

Nature and continuance of operations (Note 1)

Commitments (Note 12) and events subsequent to the reporting period (Note 13)

The accompanying notes are an integral part of these financial statements

Approved and authorized for issuance by the board of directors on April 30, 2018

"Robert Rosner" *"Rick Groome"*

Robert Rosner, Director Rick Groome, Director

CHIMATA GOLD CORP.

Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2017	2016
Expenses		$	$
Advertising and promotion		16,682	–
Consulting		260,188	21,500
Exploration and evaluation		303,199	5,022
Insurance		435	–
Management fees		16,500	6,000
Listing and filing fees		56,026	16,050
Office and administration		9,439	4,168
Occupancy fees		20,168	12,000
Professional fees		40,429	15,157
Provision of uncollectible taxes		47,453	–
Share-based compensation	7	216,627	–
Travel	4	59,528	–
Loss before the following:		(1,046,674)	(79,897)
Finance fees		(148)	(5,684)
Gain on related party debt		–	1,040
Mineral property impairment	4	(5,000)	–
Loss and comprehensive loss		(1,051,822)	(84,541)
Loss per share, basic and diluted		(0.07)	(0.01)
Weighted average number of common shares outstanding		15,694,681	8,273,789

The accompanying notes are an integral part of these financial statements

CHIMATA GOLD CORP.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Loan Reserve	Share-based reserve	Deficit	Shareholders' equity (deficiency)
		$	$	$	$	$
Balance, December 31, 2015	7,829,800	646,302	61,994	–	(887,841)	(179,545)
Unit issuance for cash	2,500,000	187,500	–	62,500	–	250,000
Comprehensive loss for the year	–	–	–	–	(84,541)	(84,541)
Balance, December 31, 2016	10,329,800	833,802	61,994	62,500	(972,382)	(14,086)
Balance, December 31, 2016	10,329,800	833,802	61,994	62,500	(972,382)	(14,086)
Private placement at $0.055 per unit	15,851,636	871,840	–	–	–	871,840
Share issuance costs for Private placement at $0.055 per unit	–	(49,649)	–	16,856	–	(32,793)
Share-based compensation	–	–	–	216,627	–	216,627
Issuance of shares for acquisition of mineral property	600,000	54,000	–	–	–	54,000
Share issuance costs for acquisition of mineral property	–	(4,511)	–	–	–	(4,511)
Private placement at $0.10 per unit	5,591,500	559,150	–	–	–	559,150
Share issuance costs for Private placement at $0.10 per unit	–	(14,016)	–	1,681	–	(12,335)
Private placement at $0.15 per unit	1,416,000	212,400	–	–	–	212,400
Share issuance costs for Private placement at $0.15 per unit	–	(11,610)	–	394	–	(11,216)
Comprehensive loss for the year	–	–	–	–	(1,051,822)	(1,051,822)
Balance, December 31, 2017	33,788,936	2,451,406	61,994	298,058	(2,024,204)	787,254

The accompanying notes are an integral part of these financial statements

CHIMATA GOLD CORP.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended December 31,	
	2017	2016
	$	$
Operating activities		
Loss for the year	(1,051,822)	(84,541)
Items not involving cash:		
Share-based compensation	216,627	–
Accrued interest expense reversal	(15,719)	–
Exploration & Evaluation asset write-off	5,000	–
Accrued finance fees	–	5,684
Changes in non-cash operating working capital		
Sales tax receivable	–	420
Prepayments	(84,773)	–
Accounts payable and accrued liabilities	69,064	(88,862)
Cash used in operating activities	(861,623)	(167,299)
Investing activities		
Mineral property option payment	–	(5,000)
Acquisition of mineral properpties	(40,000)	–
Cash used in investing activities	(40,000)	(5,000)
Financing activities		
Net proceeds from units issued for cash	1,582,535	250,000
Loan payable repayment	–	(56,000)
Cash provided by financing activities	1,582,535	194,000
Increase in cash	680,912	21,701
Cash, beginning of year	23,205	1,504
Cash, end of year	704,117	23,205

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Chimata Gold Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 16, 2010. The common shares of the Company began trading on TSX Venture Exchange ("TSXV") on September 16, 2011 under the symbol "CAT", and on the Frankfurt Exchange on July 29, 2014 under the symbol "8CH". The Company's principal activity is the acquisition and exploration of mineral properties.

The registered records office and place of business of the Company is 202 – 905 West Broadway, Vancouver, BC V5Z 4M3.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at December 31, 2017, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and/or private placement of common shares.

These financial statements were approved and authorized for issue by the Board of Directors on April 30, 2018.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments which are measured at fair value. The financial statements are presented in Canadian Dollars.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

The Company classifies its financial instruments in the following categories: loans and receivables, and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

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

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

The Company does not have any derivative financial assets and liabilities.

Exploration and evaluation assets

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Group has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Mineral property acquisition costs incurred that result in the outright ownership of a mineral property interest are capitalized and include the cash paid and the estimated fair market value of the consideration of financial instruments on the date of issue.

Exploration and evaluation expenditures, including payments made pursuant to option agreements, are expensed in the period incurred. Administrative expenditures related to exploration and development activities are expensed in the period incurred.

Once it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, and sufficient financing for the continuation of project development has been arranged, the related acquisition costs capitalized are tested for impairment and transferred to mineral property interests and equipment.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets (Continued)

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Asset retirement and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Share-based payments

The fair value of share options granted to employees is measured at the grant date and recognized over the vesting period with a corresponding increase in equity. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument 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 credited to the share-based payment reserve. The fair value of the options granted is measured using the Black-Scholes option-pricing model. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the years ended December 31, 2017 and 2016, basic loss per share equals diluted loss per share as the effect of the outstanding warrants would be anti-dilutive.

Income taxes

Current income tax:
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

Significant judgments

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

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

Accounting standards issued but not yet effective

Effective for annual periods commencing on or after January 1, 2018

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), which was issued by the IASB in May 2014, supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers,* and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and certainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company anticipates that the adoption of IFRS 15 will not have a material impact on its financial statements, as the Group does not currently generate significant revenue.

IFRS 9, *Financial Instruments* ("IFRS 9"), replaces IAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The standard incorporates a number of improvements: a) includes a logical model for classification and measurement (IFRS 9 provides for principle based approach to classification which is driven by cash flow characteristics and the business model in which an asset is held); b) includes a single, forward-looking "expected loss" impairment model (IFRS 9 will require entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timely basis); and c) includes a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity (IFRS 9's new model aligns the accounting treatment with risk management activities). IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company has determined that the adoption of IFRS 9 will have no material impact on its financial statements given the extent of its current use of financial instruments in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet effective (continued)

Effective for annual periods commencing on or after January 1, 2019

On January 13, 2016, IASB issued IFRS 16, *Leases* (“IFRS 16”), which superseded IAS 17, Leases (“IAS 17”). IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting, however, remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors.

The Company anticipates that the adoption of IFRS 16 and revised IAS 17 will have no material impact on its financial statements given the extent of its current use of leases in the ordinary course of business.

4. EXPLORATION AND EVALUATION ASSET

a) Maggie

On August 31, 2016, the Company entered into an option agreement with Innovative Properties Inc. to earn up to 100% interest in certain mineral concessions (“Maggie Gold Property”).

During the year ended December 31, 2017, the Company has abandoned and surrendered the option agreement in respect of all mineral claims of the Maggie Property and fully impaired the property.

b) Troilus North

On October 12, 2017, the Company acquired a 100% undivided interest in the Troilus North Property. The property is made up of 139 contiguous claims located 160 km north of the town of Chibougamau in the province of Quebec.

The purchase price is $250,000 with an initial payment of $25,000 due upon closing (paid - $25,000), $25,000 due within 90 days following signing of the agreement, $50,000 due on or before September 30, 2018, $50,000 due on or before March 31, 2019, $50,000 due on or before September 30, 2019, and $50,000 due on or before March 31, 2020. In addition, the Company has granted a 1.5% Net Smelter Royalty to the Vendor; 0.5% of which can be repurchased by the Company for $500,000.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSET (Continued)

c) BAM

On December 1, 2017, the Company acquired a 100% interest in the BAM mineral property. The property is located in the Pacific Golden Triangle mining district approximately 80 Km south of Telegraph Creek in the Liard mining division of northwest British Columbia, Canada.

Under the terms of the purchase agreement, the Company will pay $60,000 cash and issue 600,000 common shares to Bearclaw Capital Corp. ("Bearclaw"). The initial $15,000 cash payment was paid to Bearclaw and 600,000 common shares were issued to Bearclaw on November 16, 2017 with a fair value of $54,000. The claims comprising the mineral property have been transferred to the Company. On March 1, 2018, the Company made $15,000 cash payment to Bearclaw. The balance of the cash payments will be provided in equal installments of $15,000 8 months and 12 months from the purchase agreement closing date. Bearclaw will retain a 2% Net Smelter Royalty on the property, of which 1% may be purchased by the Company for $1,000,000 at any time.

Acquisition Costs for Mineral Properties:

	Troilus North	BAM	Maggie
	$	$	$
December 31, 2016	-	-	5,000
Acquisitions (Disposal)	250,000	114,000	(5,000)
December 31, 2017	250,000	114,000	-

Exploration expenditures charged to profit and loss during the year 2017 and 2016:

	Troilus North	BAM	General
	$	$	$
December 31, 2016	-	-	-
Investigation cost	220,575	-	82,624
December 31, 2017	220,575	-	82,624

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	December 31, 2016
	$	$
Trades payable	168,454	13,573
Accrued liabilities	47,182	13,000
Interest payable on loans	-	15,718
	215,636	42,291

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Company incurred $32,500 (2016 - $Nil) in consulting fees and $85,444 (2016 - $nil) in share based compensation to the Company's Chief Executive Officer ("CEO"), $67,996 (2016 - $nil) in share based compensation to the Company's Chief Financial Officer ("CFO"), $30,000 (2016 - $1,400) in consulting fees to a company controlled by the Company's former Chief Executive Officer ("ex-CEO"), $27,077 (2016 - $Nil) in share based compensation to directors of the company, $16,800 (2016 - $Nil) in consulting fees and $13,539 (2016 - $Nil) in share based compensation to the Company's Corporate Secretary, and $Nil (2016 - $5,022) mineral property investigation fee, $Nil (2016 - $6,000) management fee, $Nil (2016 - $5,000) option payment and $Nil (2016 - $12,000) in occupancy costs, all to companies formerly under common control.

As at December 31, 2017, the Company was owed a balance of is $984 (2016 - $Nil) by the Company's CEO.

7. SHARE CAPITAL

Authorized share capital:
Unlimited common shares and preferred shares without par value

On October 28, 2016, the Company completed a private placement by issuing 12,500,000 units for gross proceeds of $250,000. Each unit is comprised on one common share at $0.02 and one share purchase warrant exercisable into one common share of the Company at $0.05 per share, and expiring 5 years after issuance. The value allocated to the warrants was $62,500 using the residual method of value assignment to these warrants.

On May 31, 2017 the Company completed a 1 to 5 reverse stock-split where each shareholder. The financial statements have been updated retrospectively to reflect the reverse stock-split.

On September 11, 2017 the company completed a non-brokered private placement for 15,851,636 units for gross proceeds of $871,840. Each unit consisted of one common share and one common share purchase warrant, with each share purchase warrant exercisable into one common shares at $0.075 per warrant for a period of 36 months. The value allocated to the warrants was $nil using the residual method.

In connection with the private placement, the Company paid cash finder's fees of $18,249 and issued 331,800 finders warrants with an exercise price of $0.075 with a 36 month life, and a grant date fair value of $16,856. The grant date fair value of the finder's warrants was determined using a black scholes option pricing model with the following assumption: life 3 years; volatility 211%; dividend yield 0%; and risk free rate 1.65%.

On November 16, 2017, 600,000 common shares were issued to Bearclaw with a fair value of $54,000 part of the BAM property acquisition costs (Note 4 c)).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

On December 1, 2017, the company completed a non-brokered private placement for 5,591,500 units for gross proceeds of $559,150. Each unit consisted of one common share and one common share purchase warrant, with each share purchase warrant exercisable into one common shares at $0.15 per warrant for a period of 36 months. The value allocated to the warrants was $nil using the residual method.

On December 1, 2017, the company issued 16,000 broker warrants with exercise price of $0.15 per warrant with a 36 month life, and a grant date fair value of $1,680. The grant date fair value of the finder's warrants was determined using a black scholes option pricing model with the following assumption: life 3 years; volatility 238%; dividend yield 0%; and risk free rate 1.56%.

On December 21, 2017, the company issued 3,200 broker warrants with exercise price of $0.25 per warrant with a 36 month life, and a grant date fair value of $394. The grant date fair value of the finder's warrants was determined using a black scholes option pricing model with the following assumption: life 3 years; volatility 238%; dividend yield 0%; and risk free rate 1.7%.

On December 22, 2017, the company completed a non-brokered private placement for 1,416,000 flow-though units for gross proceeds of $212,400. Each unit consisted of one common share and half common share purchase warrant, with each share purchase warrant exercisable into one common shares at $0.25 per warrant for a period of 36 months. The value allocated to the warrants was $nil using the residual method of value assignment to these warrants. There was no flow through premium in relation to this issuance.

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
		$	
Balance, December 31, 2015	300,000	0.01	1.68
Granted	2,500,000	0.05	3.82
Balance, December 31, 2016	2,800,000	0.05	3.59
Granted	22,482,936	0.10	2.76
Balance, December 31, 2017	25,282,936	0.09	2.86

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Warrants (continued)

As at December 31, 2017, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
August 13, 2014	August 13, 2019	$ 0.01	260,000
April 13, 2015	April 13, 2020	$ 0.02	40,000
October 28, 2016	October 28, 2021	$ 0.05	2,500,000
September 1, 2017	September 1, 2020	$ 0.075	5,521,000
September 8, 2017	September 8, 2020	$ 0.075	4,627,800
September 25, 2017	September 25, 2020	$ 0.075	6,034,636
December 1, 2017	December 1, 2020	$ 0.15	5,607,500
December 21, 2017	December 21, 2020	$ 0.25	711,200
			25,302,136

Share Options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the Company may grant a total of options not exceeding 10% of the issued and outstanding common shares. As at September 30, 2017 there were 3,000,000 stock options granted and exercisable (December 30, 2016: no stock options granted or outstanding).

A continuity of the Company's options is as follows:

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, December 31, 2016 & 2015	–	–	–
Granted	1,400,000	0.15	4.69
Granted	1,600,000	0.15	4.90
Balance, December 31, 2017	3,000,000	0.15	4.80

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share options (continued)

As at December 31, 2017, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
September 25, 2017	September 24, 2022	$ 0.15	1,400,000	1,400,000
December 1, 2017	December 1, 2022	0.15	1,600,000	1,600,000

The fair value of each of these 1,400,000 options was calculated to be $74,645 using the Black Scholes option pricing model with the following assumptions:

Risk free interest rate – 1.80%; Dividend yield – 0.00%; Expected volatility – 208.65%; Expected life – 5 years.

The fair value of each of these 1,600,000 options was calculated to be $141,982 using the Black Scholes option pricing model with the following assumptions:

Risk free interest rate – 1.64%; Dividend yield – 0.00%; Expected volatility – 220.13%; Expected life – 5 years.

8. SEGMENT INFORMATION

During the years ended December 31, 2017 and 2016, the Company operates in one reportable operating segment, being the acquisition, exploration and development of resource properties located in Canada.

9. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the year.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements as well as related party loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its notes payable as the interest rate is dependent on Canada's prime interest rate. Since the Canadian prime interest rate is fairly stable, the Company's exposure to interest rate risk is not considered to be significant.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2017	December 31, 2016
	$	$
Loans and receivables:		
Cash	704,117	23,205

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2017	December 31, 2016
	$	$
Non-derivative financial liabilities:		
Trade payables	48,456	13,573
Long-term payable	150,000	–
Interest payable	–	15,718
	198,456	29,291

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

11. INCOME TAXES

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2017	December 31, 2016
	$	$
Net loss	(1,051,822)	(84,541)
Statutory tax rate	26%	26%
Expected income tax recovery	(273,474)	(21,981)
Non-deductible expenditures	56,323	-
Adjustment to prior year's provision	(42,412)	(1,485)
Change in unrecognized deferred assets	259,563	23,466
Actual income tax recovery	-	-

(Expressed in Canadian dollars)

11. INCOME TAXES (Continued)

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	December 31, 2017	December 31, 2016
Deferred income tax assets	$	$
Non-capital losses carried forward	259,419	123,601
Exploration and evaluation asset	193,655	99,015
Share issuance costs	16,107	284
Investment tax credit	13,468	185
	482,649	22,900
	(469,181)	(223,086)
Net deferred income tax assets	-	-

As at December 31, 2017, the Company has income tax loss carry forwards of approximately $998,000 to reduce future federal and provincial taxable income which expire between 2031 and 2037.

12. COMMITMENTS

The commitments for the next five fiscal years subsequent are related to the office lease in Vancouver, British Columbia in the amount of $12,225, the cash payments for the acquisition of mineral property of Troilus North totaling $225,000 (note 4 b)) and BAM totaling $45,000 (note 4 c)). Minimum payments relating to the above commitments for each of the next three fiscal years are as follows:

2018	$ 132,225
2019	100,000
2020	50,000
Total	**$ 282,225**

13. SUBSEQUENT EVENTS

- On February 20, 2018, the Company issued 334,000 common shares for proceeds of $25,050 through the exercise of 334,000 share purchase warrants

- On March 1, 2018, the Company made $15,000 cash payment to Bearclaw Capital Corp. under the terms of the BAM mineral property purchase agreement

- On March 6, 2018, the Company issued 50,000 common shares for proceeds of $3,750 through the exercise of 50,000 common share purchase warrants

- On March 21, 2018, the Company issued 1,233,334 common shares for proceeds of $185,000 as part of private placement for up to $2,000,000 at $0.15 per unit.