CHIMATA GOLD CORP

Financial Statements
Three Months Ended March 31, 2018

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements have been prepared by management, and were not reviewed by the Company's independent auditor.

CHIMATA GOLD CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
		$	$
Assets			
Current assets			
Cash		285,396	704,117
Prepayments		96,057	84,773
Sales tax receivable		10,972	–
		392,425	788,890
Non-current assets			
Equipment	5	1,894	–
Exploration and evaluation assets	4	624,000	364,000
Total assets		1,018,319	1,152,890
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities	6	199,481	215,636
		199,481	215,636
Long-term liabilties			
Long-term payable	4 & 12	150,000	150,000
Shareholders' deficiency			
Share capital	8	2,659,791	2,451,406
Share-based reserve	8	298,058	298,058
Loan reserve		61,994	61,994
Deficit		(2,351,005)	(2,024,204)
		668,838	787,254
Total shareholders' deficiency and liabilities		1,018,319	1,152,890

Nature and continuance of operations (Note 1)
Commitments (note 12)

The accompanying notes are an integral part of these financial statements

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

"Robert Rosner" *"Richard Groome"*

Robert Rosner, Director Richard Groome, Director

CHIMATA GOLD CORP.

Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

		Three months ended March 31,	
	Note	2018	2017
Expenses		$	$
Advertising and promotion		19,906	–
Amortization		336	–
Consulting		135,703	–
Exploration and evaluation	4	66,224	–
Foreign exchange (gain)/loss		205	–
Management fees		–	1,500
Listing and filing fees		15,651	9,763
Office and administration		38	1,523
Occupancy fees		14,135	1,500
Professional fees		13,133	–
Travel		60,974	–
Loss before the following:		(326,305)	(14,286)
Finance fees		(496)	(24)
Loss and comprehensive loss		(326,801)	(14,310)
Loss per share, basic and diluted		(0.01)	(0.00)
Weighted average number of common shares outstanding		34,161,766	51,649,002

The accompanying notes are an integral part of these financial statements

CHIMATA GOLD CORP.

Statements of Changes in Shareholders' Deficiency

(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, 2016	10,329,800	833,802	61,994	62,500	(972,382)	(14,086)
Comprehensive loss for the period	–	–	–	–	(84,541)	(84,541)
Balance, March 31, 2017	10,329,800	833,802	61,994	62,500	(1,056,923)	(98,627)
Balance, December 31, 2017	33,788,936	2,451,406	61,994	298,058	(2,024,204)	787,254
Private placement at $0.15 per unit	1,233,334	72,375	–	–	–	72,375
Share issuance costs for private placement at $0.15 per unit	-	(18,990)	–	–	–	(18,990)
Exercise of warrants at $0.075	565,000	155,000	–	–	–	155,000
Comprehensive loss for the period	–	–	–	–	(326,801)	(326,801)
Balance, March 31, 2018	35,587,270	2,659,791	61,994	298,058	(2,351,005)	668,838

The accompanying notes are an integral part of these financial statements

CHIMATA GOLD CORP.

Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31,	
	2018	2017
	$	$
Operating activities		
Loss for the year	(326,801)	(14,310)
Items not involving cash:		
Share-based compensation	–	–
Amortization	336	–
Accrued finance fees	–	24
Changes in non-cash operating working capital		
Sales tax receivable	(10,972)	–
Prepayments	(11,284)	–
Due to related parties	–	–
Accounts payable and accrued liabilities	(16,155)	4,742
Cash used in operating activities	(364,876)	(9,544)
Investing activities		
Mineral property option payment	–	–
Acquisition of equipment	(2,230)	–
Acquisition of mineral properpties	(260,000)	–
Cash provided by financing activities	(262,230)	–
Financing activities		
Net proceeds from units issued for cash	208,385	–
Loan payable repayment	–	–
Cash provided by financing activities	208,385	–
(Decrease) in cash	(418,721)	(9,544)
Cash, beginning of year	704,117	23,205
Cash, end of period	285,396	13,661

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 as Maxtech Resources Inc. and changed its name to Chimata Gold Corp. on February 10, 2011. 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 March 31, 2018, 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.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended December 31, 2017. The Company has not adopted new accounting policies since then.

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, 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) Zimbabwe Lithium or {"ZIM"}

On February 14, 2018, the Company has entered into a binding letter of intent (the "**LOI**") with Zimbabwe Lithium Company (Mauritius) Limited ("**Zimbabwe Lithium**", or "**ZIM**"), a privately held company incorporated under the laws of Mauritius.

The purpose of the LOI is to confirm the Company's intention to proceed with a proposed reverse take-over (the "Transaction") or similar type of transaction between the Company and ZIM which has the right to develop mining properties located in Zimbabwe (the "Properties") whereby upon successful reaching of the milestone defined by the LOI, ZIM would ultimately become a wholly owned subsidiary of the Company.

Pursuant to the terms of the LOI, the Transaction is defined into two distinctive phases: First Phase and Second Phase.

First Phase

Pursuant to the terms of the LOI, the Company will allocate certain amount of common shares of the share capital of the Company resulting in ZIM shareholders holding 19% of the current outstanding shares of the Company (the "Initial Shareholding"). The Initial Shareholding will be calculated based on the share capital basis of the Company what would be effective following the closing by the Company of the Concurrent Financing of an amount up to $2,000,000 (the "First Phase Concurrent Financing").

The Company has committed to advance the amount of US$ 500,000 to ZIM allowing ZIM to cover historical test work and consultant expenditures that have been incurred bringing the project to its current state as well as expenditures as they are gradually incurred, project expenditures and exploration on the Properties, including potential license and option payments to the Zimbabwe Mining Development Corporation ("ZMDC"), salaries and consultancy fees, drilling and assaying on the Properties along with the completion of a National Instrument 43-101 ("NI 43-101") compliant resource estimate of the Properties (the "Estimate"). As at March 31, 2018, the Company has advanced $260,000 or US$ 200,000 out of the committed US$ 500,000. These advances are non-refundable and are recorded as deferred acquisition costs included in the balance of Exploration and Evaluation Assets.

Second Phase

The proceeding to the Second Phase of the Transaction will be subject to the Estimate revealing that the resource contains a minimum of 11,111,000 cubic meters of tailings material at minimum 0.60 percent Lithia (Li_2O with the majority of the mineralization consisting of Spodumene) (the "Threshold Percentage") which is subject to an independent valuation certified by a Qualified Person under NI 43-101.

Should the Estimate reach the Threshold Percentage, ZIM shall be entitled to an additional share allocation of 51% or whatever amount necessary of the then current issued and outstanding shares of the Company, necessary to bring ZIM's shareholdings to a total of 70% on a fully diluted basis (the "Resulting Shareholding") at the time of reporting of this independent resource. It is understood that such Resulting Shareholding will be post the First Phase Concurrent Financing up to $2,000,000.

ZIM and the Company agreed that should the Estimate be lower or higher than the minimum 0.60 percent Lithia by more than a 20% variance, ZIM and the Company may mutually agree to adjust downward or upward the Resulting Shareholding proportionally to the Estimate (the "Alternative Shareholding").

Upon proceeding with the Second Phase, the Company agrees to grant the Shareholders of ZIM an overall 3% Net Smelter Royalty (NSR) for the tailings project on the percentage share of beneficiated lithium materials attributable to the Company or its subsidiaries in Zimbabwe. The Company will have the buy-back right 1.5% of the NSR for a cash amount of US$ 2,000,000 at the Company's discretion.

(Expressed in Canadian dollars)

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 totalling 7,502.6 hectares located 160 km north of the town of Chibougamau in the province of Quebec.

The total purchase price is two hundred and fifty thousand dollars ($250,000) with an initial payment of $25,000 due to the Vendor upon closing, $25,000 due within ninety (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.

On May 14, 2018, the Company concluded the acquisition of a 100% undivided interest in the Troilus North Property.

c) BAM

On December 1, 2017, the Company acquired a 100% interest in the Bam mineral property. The property is comprised of 1052 hectares 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 six hundred thousand common shares to Bearclaw . The initial $15,000 cash payment was provided to Bearclaw and six hundred thousand common shares issued to Bearclaw on Nov 16, 2017 with a fair value of $54,000 based on closing share price at $0.09/share. The claims comprising the mineral property have been transferred to the Company. The balance of the cash payments will be provided in three equal installments of $15,000 over a twelve-month period. 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**	**Zimbabwe Lithium**
	$	$	$
December 31, 2017	250,000	114,000	-
Deferred Acquisition Costs (Note 4(a)	-	-	260,000
March 31, 2018	250,000	114,000	260,000

(Expressed in Canadian dollars)

Exploration expenditures charged to profit and loss during the three months ended March 31, 2018:

	Troilus North	BAM	Zimbabwe Lithium
	$	$	$
December 31, 2017	173,235	-	36,182
Incurred	18,011	-	47,462
March 31, 2018	191,246	-	83,644

5. EQUIPMENT

	Software	Total
Cost		
Balance at December 31, 2017	$ -	$ -
Additions	2,230	2,230
Balance at March 31, 2018	2,230	2,230
Accumulated amortization		
Balance at December 31, 2017	$ -	$ -
Changes	336	336
Balance at March 31, 2018	336	336
Net carrying amount		
Balance at December 31, 2017	$ -	$ -
Balance at March 31, 2018	$ 1,894	$ 1,894

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	December 31, 2017
	$	$
Trades payable	189,981	168,454
Accrued liabilities	9,500	47,182
	199,481	215,636

7. RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2018, the Company incurred $30,000 (2017 - $Nil) in consulting fees to the Company's Chief Executive Officer ("CEO"), $6,000 (2017 - $Nil) in consulting fees to the Company's Corporate Secretary.

As at March 31, 2018, the Company's accounts payable balance owing to the Company's CEO is $1,041 (2017 - $Nil).

(a) The Company and an entity controlled by the CEO entered into a consulting agreement whereby the Company is committed to pay a monthly consulting fee of $10,000 to its CEO over a term of 24 months commencing from February 1, 2018. The monthly consulting fee to be paid to the CEO will be increased to $20,000 upon successful completion by the Company of its first major acquisition of $5 million or greater in value.

(Expressed in Canadian dollars)

(b) The Company and an entity controlled by the Company's Chief Financial Officer (the "CFO") entered into a consulting agreement whereby the Company is committed to pay a monthly consulting fee of $10,000 to its CFO over a term of 23 months commencing from May 1, 2018. The monthly consulting fee to be paid to the CFO will be increased to $20,000 upon successful completion by the Company of its first major acquisition of $5 million or greater in value.

8. SHARE CAPITAL

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

On February 7, 2018, the Company issued 181,000 common shares from the exercise of warrants with $0.075 share purchase price resulted in gross proceeds of $13,575.

On February 20, 2018, the Company issued 334,000 common shares from the exercise of warrants with $0.075 share purchase price resulted in gross proceeds of $25,050.

On March 6, 2018, the Company issued 50,000 common shares from the exercise of warrants with $0.075 share purchase price resulted in gross proceeds of $3,750.

On March 23, 2018, the Company issued common shares of a non-brokered private placement for 1,233,334 shares for gross proceeds of $185,000.

The fair value of the warrants was determined using black scholes option pricing model with the following weighted average assumptions: life 3 years; volatility 237%; dividend yield 0%; risk free rate 1.72%.

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, 2017	25,302,136	0.09	2.61
Exercised	(565,000)	0.075	2.45
Granted	662,027	0.23	1.08
Balance, March 31, 2018	25,399,163	0.10	2.57

As at March 31, 2018, the Company had the following warrants outstanding:

(Expressed in Canadian dollars)

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	4,537,800
September 25, 2017	September 25, 2020	$	0.075	5,604,996
December 1, 2017	December 1, 2020	$	0.15	5,607,500
December 21, 2017	December 21, 2020	$	0.25	711,200
March 23, 2018	March 23, 2019	$	0.25	616,667
				25,399,163

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 March 31, 2018 there were 1,400,000 stock options granted and exercisable (March 31, 2017: 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
March 31, 2018 and December 31, 2017	3,000,000	0.15	4.55

As at March 31, 2018, 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

(Expressed in Canadian dollars)

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 $0.05 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.

9. SEGMENT INFORMATION

During the quarter ended March 31, 2018, the Company mainly operates in Canada, being the acquisition, exploration and development of resource properties located in Canada except for the Zimbabwe Lithium Project where the expenses incurred have been disclosed in Note 4.

10. 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.

11. 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.

(Expressed in Canadian dollars)

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.

Classification of financial instruments

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

	March 31, 2018	December 31, 2017
	$	$
Loans and receivables:		
Cash	285,396	23,205

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

	March 31, 2018	December 31, 2017
	$	$
Non-derivative financial liabilities:		
Trade payables	189,981	13,573
Long-term payable	150,000	–
Interest payable	–	15,718
	302,929	29,291

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

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 $4,890, the cash payments totaling $386,820 or US$ 300,000 for the Phase I commitment related to the ZIM Transaction (see note 4(a)) acquisition of mineral property of Troilus North totaling $225,000 (note 4 b)), BAM totaling $30,000 (note 4 c)), the consulting fee commitment to an entity controlled by the CEO totaling $220,000, the consulting fee commitment to an entity controlled by the CFO totaling $230,000 and the consulting fee commitment to an external consultant totaling $121,015 . Minimum payments relating to the above commitments for each of the next five fiscal years are as follows:

(Expressed in Canadian dollars)

2018	$ 666,710
2019	451,015
2020	100,000
2021	-
2022	-
Total	**$ 1,217,725**

13. SUBSEQUENT EVENTS

Subsequent closing of private placement tranche

On May 2, 2018, the Company issued additional 70,000 units for gross proceeds of $10,500.00 from the private placement announced on February 14, 2018 which is being completed on a rolling close basis. The use of proceeds of the private placement will be put toward the funding of the Kamativi Tailings Project development and feasibility activities.

Troilus North Property

On May 14, 2018, the Company received regulatory approval from the TSX Venture Exchange concluding the acquisition of a 100% undivided interest in the Troilus North Property.

On May 22, 2018, the Company entered into a letter of intent (the " **LOI**") to enter into a definitive option, earn-in, and joint venture agreement with Emgold Mining Corporation ("**Emgold**"; TSX-V: EMR) giving Emgold the right to acquire up to a 100% interest in the Trolius North Property subject to certain conditions, including TSX Venture Exchange acceptance and entry into a definitive option agreement (the “**Definitive Agreement**”), Emgold would have the exclusive right and first option (the "**First Option**") to acquire an 80% interest in the Troilus North Property over a two year period (the " **Transaction**") for consideration of 4 million Emgold shares, to be issued to the Company, and completion of C$750,000 in exploration expenditures to be incurred by Emgold within two years of closing of the Transaction.

Upon completing the First Option, Emgold would have a further option (the “**Second Option**”) to acquire an additional 20% interest (total 100% interest) in the Troilus North Property by issuing Chimata a further 1 million shares. Chimata would retain a 1% Net Smelter Royalty for Troilus North, half of it (i.e 0.5%) which could be purchased by Emgold at any time for C$500,000, leaving Chimata with a 0.5% NSR on the Troilus North Property.

First Amendment to LOI with Zimbabwe Lithium

On May 30, 2018, the Company and ZIM entered into the first amendment of the LOI (Note 4 (a)). The key amendments are summarized as follows:

(i) U$ 99,905 the remaining balance of the U$ 500,000 advance from the Company to ZIM is required to be made within five business days from May 30th, 2018. Upon completion of the U$ 99,905 advance, Phase I is deemed to be completed with the exception of the concurrent financing and both ZIM and the Company will enter into Phase II;

(ii) The Company will work towards the completion of the Concurrent Financing, to a maximum of $2,000,000 and to a minimum of $1,800,000 whereby $800,000 to be raised by the Company no later than July 30th, 2018 or two weeks from the date of completion and publication of the Estimate (Note 4(a)) whichever is the latter, and the remaining balance of $1,000,000 to be raised by the Company no later than (a) August 30, 2018 or (b) six weeks from the date of completion and publication of the Estimate (Note 4(a)) whichever is the latter.

(iii) The Closing of the Definitive Agreement shall be completed no later than September 30, 2018.