Winston Gold Corp.

(An Exploration Stage Company)

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years ended December 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Winston Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Winston Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $1,783,596 during the year ended December 31, 2018 and, as of that date, the Company had a deficit of $23,925,483, working capital deficiency of $1,045,644 and negative cash flow from operations of $1,574,979. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada   Chartered Professional Accountants

April 25, 2019

Winston Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash	**$ 63,970**	$ 458,921
Deposits (Note 7)	**19,231**	9,000
Total current assets	**83,201**	467,921
Non-current assets		
Equipment (Note 8)	**154,604**	180,160
Reclamation bonds (Note 12)	**39,671**	59,815
Total non-current assets	**194,275**	239,975
Total Assets	**$ 277,476**	$ 707,896
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 22)	**$ 226,213**	$ 375,714
Debenture interest payable (Note 11)	**13,093**	12,040
Embedded derivative liability - current (Note 11)	**7,357**	-
Debentures payable, current (Note 11)	**783,590**	-
Shareholder loans (Note 10)	**-**	36,068
Due to directors (Note 9)	**98,592**	208,763
Total current liabilities	**1,128,845**	632,585
Non-current liabilities		
Debentures payable (Note 11)	**532,362**	1,011,053
Embedded derivative liability (Note 11)	**950**	23,461
Restoration liabilities (Note 12)	**39,671**	59,815
Total non-current liabilities	**572,983**	1,094,329
Total Liabilities	**1,701,828**	1,726,914
Shareholders' Deficiency		
Share capital (Note 15)	**19,802,404**	19,256,358
Share purchase warrants (Note 17)	**681,699**	714,877
Share subscriptions received (Note 14)	**678,158**	327,167
Contributed surplus (Note 18)	**1,333,097**	826,329
Accumulated other comprehensive income (loss)	**5,773**	(1,862)
Deficit	**(23,925,483)**	(22,141,887)
Total Shareholders' Deficiency	**(1,424,352)**	(1,019,018)
Total Liabilities and Shareholders' Deficiency	**$ 277,476**	$ 707,896

Nature of operations and going concern (Note 1)
Contingent consideration shares (Note 23)
Subsequent events (Note 25)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by The Board of Directors on April 25, 2019

"Murray Nye"
Director

"Max Polinsky"
Director

Winston Gold Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Years ended December 31, 2018	2017
Expenses		
Exploration and evaluation expenses (Note 19)	**$ 742,611**	$ 1,858,205
Office and administrative costs	**244,987**	268,011
Management fees (Note 20)	**260,000**	310,000
Professional and consulting fees	**341,996**	481,470
Travel	**73,465**	50,899
Depreciation expense (Note 8)	**39,258**	42,141
Interest and accretion expense (Note 11)	**328,646**	103,947
Share based payments (Note 16)	**-**	413,346
Write off of non-refundable equipment deposits (Note 8)	**-**	37,635
Loss (gain) on embedded derivative (Note 11)	**(15,154)**	23,461
Gain on settlement of debt (Note 15)	**(13,066)**	-
Gain on disposal of subsidiary (Notes 13,19)	**(324,126)**	-
Gain on sale of equipment (Note 8)	**-**	(55,226)
Foreign exchange loss	**104,979**	20,517
Loss for the year	**(1,783,596)**	(3,554,406)
Foreign exchange on translation of subsidiaries	**7,635**	55,978
Loss and comprehensive loss for the year	**$ (1,775,961)**	$ (3,498,428)
Basic and diluted loss per share	**$(0.02)**	$(0.04)
Weighted average number of common shares outstanding		
Basic and diluted	**99,140,813**	80,533,791

The accompanying notes are an integral part of these consolidated financial statements.

Winston Gold Corp.

(An Exploration Stage Company)
Statements of Changes in Shareholders' Equity (Deficiency)
As at December 31, 2018
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	Accumulated Other Comprehensive Income	Share Subscriptions Received	Deficit	Total
	(Note 15)	(Note 15)	(Note 18)	(Note 17)		(Note 14)		
Balance, January 1, 2017	**79,536,018**	**$ 19,186,831**	**$ 412,983**	**$ 632,059**	**$ (57,840)**	**$ -**	**(18,587,481)**	**$ 1,586,552**
Share based payments (Note 16)	-	-	413,346	-	-	-	-	413,346
Shares issued for cash (Note 15)	3,372,104	168,605	-	-	-	-	-	168,605
Allocated to warrants	-	(82,818)	-	82,818	-	-	-	-
Share subscriptions received	-	-	-	-	-	327,167	-	327,167
Share issue costs (Note 15)	-	(16,260)	-	-	-	-	-	(16,260)
Loss and comprehensive loss for the year	-	-	-		55,978	-	(3,554,406)	(3,498,428)
Balance, December 31, 2017	**82,908,122**	**19,256,358**	**826,329**	**714,877**	**(1,862)**	**327,167**	**(22,141,887)**	**(1,019,018)**
Shares issued for cash (Note 15)	19,888,001	994,400	-	-	-	(327,167)	-	667,233
Share issue costs (Note 15)	-	(71,439)	-	21,675	-	-	-	(49,764)
Allocated to warrants	-	(477,461)	-	477,461	-	-	-	-
Warrants expired (Note 17)	-	-	532,314	(532,314)	-	-	-	-
Shares issued for stock option exercise	750,000	63,046	(25,546)	-	-	-	-	37,500
Shares issued for debt settlement	1,000,000	37,500	-	-	-	-	-	37,500
Share subscriptions received	-	-	-	-	-	678,158	-	678,158
Loss and comprehensive loss for the year	-	-	-	-	7,635	-	(1,783,596)	(1,775,961)
Balance, December 31, 2018	**104,546,123**	**$ 19,802,404**	**$ 1,333,097**	**$ 681,699**	**$ 5,773**	**$ 678,158**	**(23,925,483)**	**$ (1,424,352)**

The accompanying notes are an integral part of these consolidated financial statements.

Winston Gold Corp.

(An Exploration Stage Company)
Consolidated Statements of Cash flows
For the Years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Years ended December 31, 2018	2017
Cash (used in) provided by:		
Operating Activities		
Loss for the year	**$ (1,783,596)**	$ (3,554,406)
Items not affecting cash:		
Depreciation	**39,258**	42,141
Accrued interest expense	**13,093**	12,040
Gain on debt settlement	**(13,066)**	-
Accretion expense	**180,938**	63,499
Accrued management fees	**240,000**	210,000
Share-based payments	**-**	413,346
Restoration liability	**24,046**	5,646
Foreign exchange	**110,588**	58,152
Loss(gain) on embedded derivative liability	**(15,154)**	23,461
Gain on sale of equipment	**-**	(55,226)
Write down of deposits	**-**	37,635
Gain on sale of subsidiary	**(324,126)**	-
Net changes in non-cash working capital items:		
Amounts receivable	**-**	963
Deposits	**(10,231)**	174,252
Accounts payable and accrued liabilities	**(36,729)**	117,452
Net cash used in operating activities	**(1,574,979)**	(2,451,045)
Investing Activities		
Sale of equipment	**-**	110,000
Purchase of equipment	**-**	(1,368)
Sale of subsidiary	**261,920**	-
Reclamation bonds	**(24,046)**	(5,646)
Net cash provided by (used in) investing activities	**237,874**	102,986
Financing Activities		
Proceeds from share issuances	**704,733**	168,605
Share issuance costs	**(49,764)**	(16,260)
Proceeds from debentures issued	**-**	1,423,845
Debenture issuance costs	**-**	(470,031)
Proceeds from share subscriptions received	**478,158**	327,167
Proceeds from shareholder loans	**-**	36,068
Repayment of shareholder loans	**(36,068)**	-
Interest payments	**(12,040)**	-
Proceeds from director loans	**-**	84,018
Repayment of director loans	**(150,500)**	(96,710)
Net cash provided by financing activities	**934,519**	1,456,702
Effect of foreign exchange on cash	**7,635**	6,226
Net change in cash	**(394,951)**	(885,131)
Cash, beginning of year	**458,921**	1,344,052
Cash, end of year	**$ 63,970**	$ 458,921
Change in liabilities from financing activities (Note 6)		
Non-Cash Transactions		
Issuance of private placement warrants	499,136	82,818
Expiry of warrants	532,314	-
Loan repayment applied as share subscription received in advance	200,000	-
Extinguishment of accounts payable on sale of subsidiary	26,206	-
Shares issued for debt settlement	37,500	-
Share subscriptions applied to private placement	327,167	-
Reversal of contributed surplus on exercise of options	25,546	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Winston Gold Corp. (the "Company") was incorporated in the Province of Manitoba on January 31, 2013 under the name of 6649930 Manitoba Ltd. On September 19, 2014, the Company changed its name to Winston Gold Mining Corp. On September 25, 2014, Winston Gold Mining USA Corp. was incorporated in the State of Montana, USA. and is a wholly owned subsidiary. On October 4, 2016, the Company acquired 100% of the outstanding shares of Goldridge Holdings Limited ("Goldridge"), incorporated in the Province of British Columbia, Canada, and its subsidiary, Goldridge Holdings (USA) Limited ("Goldridge USA"), incorporated in the State of Nevada, USA. On November 5, 2018, the Company sold 100% of its shares in Goldridge and Goldridge USA. Effective August 24, 2017 the Company continued out of the Province of Manitoba into the jurisdiction of the Province of British Columbia and changed its name to Winston Gold Corp. Effective September 1, 2017, the common shares of the Company commenced trading on the Canadian Securities Exchange under the same stock symbol of WGC. The Company is in the process of exploring mining claims which are under lease and has not yet determined whether or not the leased properties will contain economically recoverable reserves.

The principal address of the Company is 919 Notre Dame Avenue, Suite 201, Winnipeg, Manitoba R3E 0M8.

The consolidated financial statements of the Company were approved by the Board of Directors on April 25, 2019.

Going Concern of Operations

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations.

The Company is in the exploration stage and has not generated revenue from operations. During the year ended December 31, 2018, the Company incurred a net loss of $1,783,596 (December 31, 2017 - $3,554,406), and as of that date, the Company had a deficit of $23,925,483 (December 31, 2017 - $22,141,887), working capital deficiency of $1,045,644 (December 31, 2017 – deficiency of $164,664) and negative cash flow from operations of $1,574,979 (December 31, 2017 – negative $2,451,045).

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production and on being able to make payments required under the mining lease agreements and debenture agreements. The Company continues to evaluate various options in order to address its financing needs. There can be no assurance that the Company's financing activities will be successful or sufficient.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company present the Company's financial results of operations and financial position under IFRS as at and for the year ended December 31, 2018.

These consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

A summary of the Company's significant account policies under IFRS are presented below. These policies have been consistently applied to all years presented.

Basis of Measurement and Presentation

The consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency. Winston USA's functional currency is the US dollar. The consolidated financial statements are prepared on the historical cost basis except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiary Winston Gold Mining (USA) Corp. Under the guidance of IFRS 10 *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. On November 5, 2018 the former subsidiaries Goldridge Holdings Limited and Goldridge Holdings (USA) were de-consolidated (Notes 13,19,23).

All intercompany transactions and balances are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgments and Estimates

The Company makes estimates, judgments and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant Accounting Judgments and Estimates (cont'd)

Judgments

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

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

ii) Going Concern
The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

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

Information regarding significant areas of estimation and uncertainty made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the following:

Share-based payments

Management uses the Black-Scholes Pricing Model for valuation of share based compensation and warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant Accounting Judgments and Estimates (cont'd)

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the Canadian dollar. Management also determined that the functional currency of Winston USA is the US dollar. Prior to the sale of Goldridge Holdings and its subsidiary, the Company determined that the functional currency of Goldridge is the Canadian dollar.

Restoration Liabilities

The Company recognizes a provision for restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred. Initially, the restoration liability is recognized at the present value of management's best estimate of expenditures required to settle the obligation. The carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates use a pre-tax rate that reflects the time value of money to calculate the net present value. The Company's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value. The restoration liabilities amount recorded by the Company represent the reclamation bonds held with the mining bureau.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Income/Loss per Share

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Equipment

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately are capitalized. Amortization of equipment is recorded using the straight-line method, with management reviewing the useful lives of property and equipment at each statement of financial position reporting date to verify the asset is being amortized over a period equivalent to the useful life of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equipment (cont'd)

Equipment is recorded at cost and amortized as follows:

- Exploration equipment — Straight line over 7 years
- Vehicles — Straight line over 5 years
- Computer Equipment — Straight line over 4 years

The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU's") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit and loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement.

For private placements of units consisting of common shares and warrants, the Company uses the relative fair value approach in determining the value assigned to the common shares and warrants, calculated in accordance with the Black Scholes option-pricing model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Warrants Issued in Equity Financing Transactions (cont'd)

The relative fair value of the warrant component of a unit is credited to share purchase warrants and the relative fair value of the common shares that were concurrently issued is credited to share capital. Warrants that are issued as payment for broker or agency fees are assigned a fair value based on the Black-Scholes option pricing mode, accounted for as share issue costs and credited to share purchase warrants.

When broker warrants expire, the fair value is debited to share purchase warrants and credited to contributed surplus. When warrants issued as a component of a unit expire, the relative fair value is debited to share purchase warrants and credited to share capital.

Provisions

A provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company has recorded no provisions at December 31, 2018 and 2017 other than restoration liabilities.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination or an asset acquisition. Exploration and evaluation expenditures are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Share-based Payments

Pursuant to the Stock Option Plan effective October 31, 2016, the Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees, the fair value of the stock options is measured at the fair value of the goods or services received. If some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the equity instrument granted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Segmental Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed and evaluated by the chief financial officer. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

Asset Acquisition, Disposal / Business Combination

In accordance with IFRS 3 - *Business Combinations*, a transaction is recorded as a business combination if the significant assets, liabilities, or activities are acquired constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The acquisition of Goldridge was recorded as an asset acquisition whereby the consideration paid for the net assets acquired was allocated to the fair value of the identifiable assets acquired and liabilities assumed. Accordingly, the disposal of Goldridge was recorded as an asset disposal in the statement of loss and comprehensive loss.

Deferred Taxes

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount on the statement of financial position.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year-end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

- Deferred tax assets are recognized for all deductible temporary differences, carry forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.

- Current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

Embedded Derivatives

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the year-end date, monetary assets and monetary liabilities denominated in a foreign currency are translated into the functional currency at the year-end date exchange rate.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. These foreign currency adjustments are recognized in profit and loss.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income or loss. On disposal of a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is recognized in profit or loss.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. RECENT ACCOUNTING POLICIES

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement:

Financial Instruments
On January 1, 2018 the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

4. RECENT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of the Company's financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.
A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (loss).

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as FVTPL. Reclamation bond is measured at amortized cost with subsequent impairments recognized in profit or loss.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. RECENT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, shareholder loan, due to directors, debenture interest payable and debenture payable are classified as other financial liabilities and carried on the statement of financial position at amortized cost. Embedded derivative liability is classified as FVTPL with subsequent changes in fair value recognized in profit or loss.

5. FUTURE ACCOUNTING PRONOUNCEMENTS

Standards issued or amended but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2018 and have not been applied in preparing these consolidated financial statements. The new and revised standards are as follows:

- IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

- IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

6. CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

The following is a continuity of changes in liabilities arising from financing activities for the year ended December 31, 2018 and 2017:

6. CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES (cont'd)

For the year ended December 31, 2018

			Non-cash changes			
	January 1, 2018	**Cash flows**	**Management fees accrual**	**Foreign exchange movements**	**Amortization of deferred financing costs**	**December 31, 2018**
	$	**$**	**$**	**$**	**$**	**$**
Shareholder loans	**36,068**	**(36,068)**	**-**	**-**	**-**	**-**
Due to directors	**208,763**	**(350,500)***	**240,000**	**329**	**-**	**98,592**
Non-convertible debentures	**1,011,053**	**-**	**-**	**123,961**	**180,938**	**1,315,952**
	1,255,884	**(386,568)**	**240,000**	**124,290**	**180,938**	**1,414,544**

* $200,000 was applied as share subscriptions received in advance.

For the year ended December 31, 2017

			Non-cash changes			
	January 1, 2017	Cash flows	Management fees accrual	Foreign exchange movements	Amortization of deferred financing costs	December 31, 2017
	$	$	$	$		$
Shareholder loans	-	36,068	-	-	-	36,068
Due to directors	11,455	(12,692)	210,000	-	-	208,763
Non-convertible debentures	-	953,814	-	(6,260)	63,499	1,011,053
	11,455	977,190	210,000	(6,260)	63,499	1,255,884

7. DEPOSITS

	December 31, 2018	December 31, 2017
Deposits	**$ 19,231**	$ 9,000
Total deposits	**$ 19,231**	$ 9,000

8. EQUIPMENT

For the year ended December 31, 2018

Cost	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
	$	**$**	**$**	**$**
At December 31, 2017	**250,875**	**9,158**	**1,278**	**261,311**
Additions/Disposals	**-**	**-**	**-**	**-**
Foreign exchange	**21,938**	**801**	**112**	**22,851**
At December 31, 2018	**272,813**	**9,959**	**1,390**	**284,162**

Accumulated Amortization	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
At December 31, 2017	**(77,688)**	**(2,961)**	**(502)**	**(81,151)**
Amortization for the year	**(37,036)**	**(1,892)**	**(330)**	**(39,258)**
Additions/Disposals	**-**	**-**	**-**	**-**
Foreign exchange	**(8,729)**	**(359)**	**(61)**	**(9,149)**
At December 31, 2018	**(123,453)**	**(5,212)**	**(893)**	**(129,558)**
Net Book Value	**149,360**	**4,747**	**497**	**154,604**

For the year ended December 31, 2017

Cost	Exploration Equipment	Vehicles	Computer Equipment	Total
	$	$	$	$
At December 31, 2016	328,935	8,459	1,368	338,762
Additions/Disposals	(58,401)	1,298	-	(57,103)
Foreign exchange	(19,659)	(599)	(90)	(20,348)
At December 31, 2017	250,875	9,158	1,278	261,311

Accumulated Amortization	Exploration Equipment	Vehicles	Computer Equipment	Total
At December 31, 2016	(46,991)	(1,208)	(196)	(48,395)
Amortization for the year	(39,915)	(1,895)	(331)	(42,141)
Additions/Disposals	5,714	-	-	5,714
Foreign exchange	3,504	142	25	3,671
At December 31, 2017	(77,688)	(2,961)	(502)	(81,151)
Net Book Value	173,187	6,197	776	180,160

8. EQUIPMENT (cont'd)

During the year ended December 31, 2018, the Company recorded depreciation expenses of $39,258 (2017 - $42,141). During the year ended December 31, 2017, the Company: sold exploration equipment for proceeds of $110,000 and recognized a gain on disposal in the amount of $55,226, purchased vehicles totaling $1,014, and wrote off non-refundable deposits on equipment which was not purchased in the amount of $37,635 (USD 30,000).

9. DUE TO DIRECTORS

As at December 31, 2018, the amounts due to directors were $94,500 and $4,092 (USD 3,000) (December 31, 2017 - $205,000 and $3,763 (USD 3,000)). These loans are unsecured, non-interest bearing and have no fixed terms of repayment. (Note 20).

During the year ended December 31, 2018, the Company repaid $350,500 in director loans of which $200,000 was applied as share subscriptions received in advance.

During the year ended December 31, 2017, the Company repaid $89,018 and $7,692 (USD 5,000) in director loans.

10. SHAREHOLDER LOANS

During the year ended December 31, 2018, the Company received $Nil (December 31, 2017 - $36,068) in loans from certain shareholders. During the year ended December 31, 2018, the Company repaid $36,068 in shareholder loans (December 31, 2017 - $Nil).

11. DEBENTURES PAYABLE

During the year ended December 31, 2017, the Company entered into non-convertible USD debentures payable agreements. The Series 1 debentures will mature on December 1, 2019 and the Series 2 debentures will mature on March 31, 2020. The debentures are secured on a general lien basis by all property and assets of the Company, non-convertible and pay annual interest at 10% calculated from the date the Subscription Agreement is executed and the funds are received from the investor. The interest is payable semi-annually on June 1 and December 1 of each year until maturity. On the maturity date, in addition to the interest rate, the Company is obligated to pay a bonus to the lenders in an amount equal to the difference between the Principal Amount and the gold price differential calculated as the difference between the gold price on the Closing Date and the gold price on the Maturity Date to a maximum of USD 1,600 per troy ounce. The Bonus Payment is calculated as Principal Amount x [(Gold Price on Maturity – Gold Price on Closing)/Gold Price on Closing]. If the debentures are not re-paid on the Maturity Dates, the Company shall pay 10% semi-annual interest on the outstanding portion of the principal amount on December 1 and June 1 of each year until the date of repayment.

In connection with the non-convertible debenture financing, the Company incurred total transaction costs of $470,031 which were netted with the debentures and amortized over the term of the debentures.

The following is a continuity of non-convertible debentures due from the Company for the year ended December 31, 2018 and 2017:

11. DEBENTURES PAYABLE (cont'd)

	December 31, 2018	December 31, 2017
Debentures:	**$**	$
Non-convertible debentures, beginning of year	**1,417,585**	-
Additions	**-**	1,423,845
Foreign exchange	**123,961**	(6,260)
Non-convertible debentures, end of year	**1,541,546**	1,417,585
Loan transaction costs:		
Loan transaction costs, beginning of year	**(406,532)**	-
Costs incurred during the year	**-**	(470,031)
Accretion expense during the year	**180,938**	63,499
Loan transaction costs, end of year	**(225,594)**	(406,532)
Non-convertible debentures balance (net of transaction costs), end of year	**1,315,952**	1,011,053
Current Portion	**783,590**	-
Long Term Portion	**532,362**	1,011,053
Total Non-convertible debentures balance	**1,315,952**	1,011,053

During the year ended December 31, 2018, the Company recorded $147,708 (2017 – $40,448) in interest expense.

The Company has recorded an embedded derivative liability that arose from the Company's obligation to pay the Bonus Payment which is indexed to the gold price. The embedded derivative liability is subject to fair value adjustment based on gold price at the end of each reporting period, with changes recorded as unrealized gain or loss on embedded derivative liability in the statement of loss and comprehensive loss. During the year ended December 31, 2018, the Company recorded an unrealized gain on embedded derivative liability in the amount of $15,154 (2017 – unrealized loss $23,461).

12. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at December 31, 2018, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be $39,671 (USD 29,080) (December 31, 2017 - $59,815 (USD 47,680)) which has been accrued. These costs are estimated by management and approved by the Montana Department of Environmental Quality ("DEQ"). The Company is required to issue reclamation bonds to the DEQ to cover these estimated restoration costs.

The reclamation bonds issued relating to this exploration amount to $39,671 (USD 29,080) (December 31, 2017 - $59,815 (USD 47,680)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

13. GAIN ON DISPOSAL OF SUBSIDIARY

On July 24, 2018, the Company entered into a Sale and Purchase Agreement with MetalNRG ("MNRG"), an arms-length third party, wherein MNRG purchased the Company's 100% interest in Goldridge Holdings Limited ("GRH") and its subsidiary, Goldridge Holdings (USA) Limited ("GRH US"), including all interests in the Gold Ridge Project located in SE Arizona, for cash consideration of USD 200,000 and 21,942,576 shares in MNRG. The transaction closed on November 5, 2018 and Goldridge Holdings, including its subsidiary, was deconsolidated on that date. Cash consideration in the amount of $261,920 (USD 200,000) was received. The share consideration is pending (Note 23).

During the year ended December 31, 2018, the Company recognized a gain on the disposal of Goldridge Holdings and its subsidiary in the amount of $324,126.

14. SHARE SUBSCRIPTIONS

During the year ended December 31, 2018, the Company received $678,158 for units to be issued at a value of $0.05 each. These units were issued on March 26, 2019 (Note 25).

During the year ended December 31, 2017, the Company received $327,167 for units to be issued at a value of $0.05 each. Each unit consisted of one common share and one 5-year warrant with an exercise price of $0.10. $317,167 of these units were issued on February 2, 2018 and $10,000 of these units were issued on April 17, 2018 (Note 15).

15. SHARE CAPITAL

Authorized
Unlimited Common shares, voting
Unlimited Preferred shares

Issued and outstanding – Common shares

	Number of Shares		Value
Balance, December 31, 2016	**79,536,018**	**$**	**19,186,831**
Shares issued for cash [i]	3,372,104		168,605
Share issue costs [j]	-		(16,260)
Allocated to warrants	-		(82,818)
Balance, December 31, 2017	**82,908,122**	**$**	**19,256,358**
Shares issued for cash [a,b]	19,888,001		994,400
Shares issued for option exercise [d]	750,000		63,046
Shares issued for debt settlement [e,f]	1,000,000		37,500
Share issue costs [c]	-		(71,439)
Allocated to warrants	-		(477,461)
Balance, December 31, 2018	**104,546,123**	$	**19,802,404**

15. SHARE CAPITAL (cont'd)

As at December 31, 2018, the Company has 1,199,265 (December 31, 2017 – 3,597,795) common shares held in escrow.

December 31, 2018

a) On February 2, 2018, the Company issued 7,310,001 Units for total gross proceeds of $365,500 at a price of $0.05 per unit. Each Unit consists of one common share and one common share purchase warrant. The 7,310,001 warrants were assigned a relative fair value of $174,595. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before February 2, 2023.

b) On April 17, 2018, the Company issued 12,578,000 Units for total gross proceeds of $628,900 at a price of $0.05 per unit. Each Unit consists of one common share and one common share purchase warrant. The 12,578,000 warrants were assigned a relative fair value of $302,866. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before April 17, 2023.

c) Share issue costs associated with the above financings total $71,439.

d) On July 26, 2018, the Company issued 750,000 common shares pursuant to stock options exercised at a value of $0.05 per option for proceeds of $37,500. The fair value of these stock options is $25,546 (Note 16).

e) On July 17, 2018 the Company extended the expiry date of 1,000,000 warrants to August 3, 2021.

f) On August 30, 2018, the Company issued 500,000 common shares at a value of $17,500 to settle debt of $25,000. The Company recognized a gain on the debt settlement in the amount of $7,500.

g) On October 3, 2018, the Company issued 500,000 common shares at a value of $20,000 to settle debt of $25,566. The Company recognized a gain on the debt settlement in the amount of $5,566.

December 31, 2017

h) On August 24, 2017, concurrent with the continuation to British Columbia, the Company reclassified its share structure by renaming its Class A Common Shares as "Common Shares", cancelling its Class B Common Shares along with its Class A, Class B and Class C Preference Shares and creating an unlimited number of Preferred Shares with special rights and restrictions. Holders of the Class A Common Shares are now holders of the newly named Common Shares.

i) On September 15, 2017, the Company issued 3,372,104 Units in settlement of subscriptions due in the amount of $168,605 at a value of $0.05 per unit (Note 14). Each Unit consisted of one common share and one common share purchase warrant. The 3,372,104 warrants were assigned a relative fair value of $82,818. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before September 15, 2022.

j) Share issue costs associated with the above financings total $16,260 consisting of legal fees.

16. STOCK OPTIONS

The Company has a 10% "rolling" stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock (on a non-diluted basis) of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of ten years and vest as determined by the Board of Directors.

The following is a continuity of stock option activity for the years ended December 31, 2018 and 2017.

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2016	3,150,000	$0.27
Granted	6,530,000	$0.05
Cancelled	(2,200,000)	($0.22)
Outstanding and exercisable December 31, 2017	7,480,000	$0.10
Exercised	(750,000)	$0.05
Cancelled	(100,000)	$0.05
Outstanding and exercisable December 31, 2018	6,630,000	$0.10

No stock options were granted during the year ended December 31, 2018 (2017 – 6,530,000).

During the year ended December 31, 2018, 750,000 stock options were exercised at a value of $0.05 per option (Note 15). During the year ended December 31, 2018, 100,000 stock options were cancelled.

The total fair value of stock options granted during the year ended December 31, 2017 using the Black-Scholes option pricing model was $239,068 or $0.04 per option. During the year ended December 31, 2018, the Company recognized $Nil (2017 - $413,346) of share-based compensation. Annualized volatility is estimated by considering historic average share price volatility of the Company's publicly traded shares.

The Company had the following stock options outstanding as at December 31, 2018:

Number of Options	Exercise Price	Expiry Date
150,000	$0.20	August 24, 2021
900,000	$0.40	December 15, 2021
280,000	$0.10	November 27, 2022
5,300,000	$0.05	November 27, 2022
6,630,000	$0.10	

16. STOCK OPTIONS (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of the options granted during the year ended December 31, 2017.

	March 1, 2017	November 20, 2017	November 27, 2017	November 27, 2017
Share price	$0.15	$0.035	$0.035	$0.035
Risk-free interest rate	1.11%	1.62%	1.55%	1.55%
Expected life of options	5 years	5 years	5 years	5 years
Volatility	218%	203%	203%	203%
Dividend rate	0.0%	0.0%	0.0%	0.0%
Exercise price	$0.20	$0.05	$0.10	$0.05
Fair value per option	$0.2010	$0.0341	$0.0337	$0.0341
Forfeiture rate	0%	0%	0%	0%

17. SHARE PURCHASE WARRANTS

During the year ended December 31, 2018, 1,115,053 broker warrants expired and 1,000,000 warrants with an expiry date of August 3, 2018 were extended for a period of 3 years to expire on August 3, 2021.

The following is a continuity of share purchase warrant activity for the year ended December 31, 2018:

Expiry Date	Exercise price	January 1, 2018	Granted/ Extended	Exercised	Expired/ Extended	December 31, 2018
March 23, 2021	$0.10	551,030	-	-	-	551,030
August 3, 2018	$0.20	1,000,000	-	-	(1,000,000)	-
August 3, 2021	$0.20	-	1,000,000	-	-	1,000,000
August 3, 2018	$0.20	40,000	-	-	(40,000)	-
September 23, 2018	$0.15	873,853	-	-	(873,853)	-
November 18, 2018	$0.40	201,200	-	-	(201,200)	-
September 15, 2022	$0.10	3,372,104	-	-	-	3,372,104
February 2, 2023	$0.10	-	7,310,001	-	-	7,310,001
April 17, 2023	$0.10	-	12,578,000	-	-	12,578,000
April 17, 2023	$0.10	-	424,240	-	-	424,240
Total		6,038,187	21,312,241	-	(2,115,053)	25,235,375
Weighted average exercise price			$0.10		($0.20)	$0.10

17. SHARE PURCHASE WARRANTS (cont'd)

The following is a continuity of share purchase warrant activity for the year ended December 31, 2017:

Expiry Date	Exercise price	January 1, 2017	Granted	Exercised	Expired	December 31, 2017
March 23, 2021	$0.10	551,030	-	-	-	551,030
August 3, 2018	$0.20	1,000,000	-	-	-	1,000,000
August 3, 2018	$0.20	40,000	-	-	-	40,000
September 23, 2018	$0.15	873,853	-	-	-	873,853
November 18, 2018	$0.40	201,200	-	-	-	201,200
September 15, 2022	$0.10	-	3,372,104	-	-	3,372,104
Total		2,666,083	3,372,104	-	-	6,038,187
Weighted average exercise price			$0.10			$0.13

The Company had the following warrants outstanding as at December 31, 2018:

Number of Warrants		Exercise Price	Expiry Date	Fair Value
551,030	(i)	$0.10	March 23, 2021	$ 52,102
1,000,000		$0.20	August 3, 2021	$ 47,643
3,372,104		$0.10	September 15, 2022	$ 82,818
7,310,001		$0.10	February 2, 2023	$ 174,595
12,578,000		$0.10	April 17, 2023	$ 302,866
424,240	(ii)	$0.10	April 17, 2023	$ 21,675
25,235,375				$ 681,699

(i) These are broker warrants in connection with the Company's financings
(ii) These are finders warrants in connection with the Company's financings

17. SHARE PURCHASE WARRANTS (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the years. Warrants included in Units are valued based on the relative fair value Allocation:

	September 15, 2017 (PP)	February 2, 2018 (PP)	April 17, 2018 (PP)	April 17, 2018 (finders)
Share Price	$0.04	$0.04	$0.055	$0.055
Risk-free interest rate	1.74%	2.05%	2.06%	2.06%
Expected life of warrants	5 years	5 years	5 years	5 years
Percentage of warrants (PP)	49.12%	47.77%	48.16%	N/A
Volatility	203%	172%	171%	171%
Dividend rate	0.0%	0.0%	0.0%	0.0%
Forfeiture rate	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	$0.0246	$0.0239	$0.0241	$0.0511

18. CONTRIBUTED SURPLUS

Contributed surplus consists of the fair value of stock options granted and broker warrants expired less the fair value of options exercised. The following summarizes the changes in contributed surplus.

	December 31, 2018	December 31, 2017
Balance, beginning of year	**$ 826,329**	$ 412,983
Share-based payments	**-**	413,346
Broker warrants expired	**532,314**	-
Stock options exercised	**(25,546)**	-
Balance, end of year	**$ 1,333,097**	$ 826,329

19. EXPLORATION AND EVALUATION EXPENSES

Properties	**December 31, 2018**	December 31, 2017
Holmes Property [(a)]	**$ 21,525**	$ 16,895
Winston Property [(b)]	**694,472**	1,759,024
Goldridge Property [(c)]	**26,614**	82,286
	$ 742,611	$ 1,858,205

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(a) Holmes Property:

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement ("H Lease") with Marcus P. Holmes ("Holmes"), an arm's length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of $11,191 (USD 10,000) and issued 1,000,000 common shares valued at $100,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from June 2014 to May 2019 [Paid - $72,222 (USD 56,000) to December 31, 2018]. The H Lease is renewable for additional 5 year terms at USD 20,000 per renewal with an advanced royalty payment of USD 2,000 monthly.

The Company will pay Holmes a production royalty of 2% of Net Smelter Returns (NSR). Advance royalty payments are credited towards the 2% NSR payable on production. The Company has the option to purchase the 2% NSR from Holmes for a payment of USD 2,500,000.

The Company has the option to terminate the H Lease at any time by providing 30 days written notice to Holmes.

(b) Winston Property:

On July 15, 2014, the Company entered into a five-year Mining Lease Agreement ("W Lease") with Winston Realty L.L.C. ("Winston", a limited liability company), an arm's length party, whereby Winston leased sixteen (16) patented lode mining claims located in Broadwater County, Montana U.S.A. to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property the Company paid Winston an advance royalty payment of $10,729 (USD 10,000) and issued 2,000,000 common shares in the Company valued at $200,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from August to October 2014 [Paid $3,300 (USD 3,000)] and USD 2,500 monthly from November 2014 to July 2019 [Paid $168,639 (USD 127,500) to December 31, 2018] based on minimum quarterly expenditures on the property of USD 50,000 or USD 200,000 annually [Paid $4,130,165 (USD 3,166,378) to December 31, 2018]. The minimum expenditures are paid up to 2030.

The W Lease is renewable for additional 5 year terms at USD 20,000 per renewal with an advanced royalty payment of USD 5,000 monthly.

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

Winston Property (cont'd)

On May 18, 2016, the Company amended the W Lease. The amendment extends the W Lease for an additional 10 years until July 15, 2034 with USD 20,000 due at the end of each 5 year period and the continuation of advanced royalty payments of USD 5,000 monthly. For consideration of 1,500,000 common shares in the Company valued at $150,000, the amendment superseded the number of contiguous patented lode mining claims to thirteen (13) and the Company acquired the option to purchase the thirteen (13) Leased claims and the subsurface rights in the Leased property as well as 100 acres of the Company's choice out of 400 acres of land held by Winston for a purchase price of USD 2,000,000. Winston has the right to buy back all rights and terminate the W Lease for USD 1 where there is a cessation of all mining, mineral exploration and mineral processing activities for a period of five (5) consecutive years.

The Company will pay Winston a production royalty of 3% NSR if the price of gold is USD 2,000 or less and 4% NSR if the price of gold exceeds USD 2,000. Advance royalty payments are credited towards the 3% or 4% NSR payable on production.

The Company has the option to terminate the W Lease at any time by providing 30 days written notice to Winston.

(c) Goldridge Property:

On February 14, 2014, Goldridge entered into an asset purchase and sale agreement (the "Agreement") with Pan American Fertilizer Corp. ("Pan American") whereby Goldridge purchased the Goldridge property from Pan American for $100,000.

The Goldridge property is located in north-central Cochise County in Arizona and is comprised of certain patented mining claims, 112 unpatented mining claims, and one leased group of 12 unpatented mining claims.

With respect to the 12 leased unpatented mining claims, the Company is required to make advance royalty payments of USD 8,800 annually. The life of the lease is for as long as the Company owns the rights to the Goldridge property. The lease for the 12 leased unpatented mining claims was originally entered into on June 3, 1993 with the first lessor and the lease was passed along to the Company on the acquisition of the Goldridge property on February 14, 2014. The Company will pay the lessor a production royalty of 3% of net smelter returns ("NSR"). The advance royalty payments are credited towards the 3% NSR payable on production. As the probability of production is currently remote, the advance royalty payment is currently expensed.

On August 1, 2016 (the "Effective Date"), Goldridge entered into a royalty agreement (the "Royalty Agreement") with 1051730 BC Ltd. (the "Royalty Holder"), an arm's length party to compensate the Royalty Holder for their assistance in acquiring the mining properties listed above. The Company agreed to grant a perpetual 1% net smelter return royalty (the "Royalty") on all ores, metals, minerals, mineral rights and other materials under or upon the surface or subsurface of the Goldridge property.

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(c) Goldridge Property (cont'd):

The Company agreed to pay the Royalty Holder an annual advance royalty of USD 25,000 (the "Advance Royalty") due on each anniversary of the Effective Date. The amount of the Advance Royalty shall be adjusted every year on January 1st to reflect changes in the Consumer Price Index (the "CPI"), as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. The Company has the option, at any time until the date that is five years following the commencement of commercial production, to purchase the Royalty from the Royalty Holder for a purchase price of USD 1,000,000 (the "Purchase Price"). The amount of the Purchase Price shall be adjusted every year on January 1st to reflect changes in the CPI, as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. Any amount payable under the Royalty Agreement which is not paid on time shall be subject to interest at a rate of 15% per annum calculated from the due date until the date of the payment.

On November 5, 2018, the Company sold all interest in the Goldridge Property to MNRG for cash consideration of $261,920 (USD 200,000) and recognized a gain on disposal of $324,126 (Notes 13, 23).

20. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below, unless they have been disclosed elsewhere in the consolidated financial statements. During the year ended December 31, 2018, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

Included in due to directors is $4,092 (USD 3,000) (December 31, 2017 - $3,763 (USD 3,000)) and $94,500 (December 31, 2017 - $205,000) due to directors of the Company. (See Note 9 for amounts due to directors).

During the year ended December 31, 2018, management fees to directors were $240,000 (2017 - $260,000).

During the year ended December 31, 2018 the Company did not grant stock options to directors and officers of the Company.

During the year ended December 31, 2017, the Company granted 4,550,000 stock options to directors and officers of the Company, resulting in share-based payments of $155,008.

21. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes items in shareholders' deficiency in the definition of capital.

21. CAPITAL RISK MANAGEMENT (cont'd)

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2018.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

a) Market risk:

Currency risk:

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	December 31, 2018	December 31, 2017
	$	$
Cash	**43,191**	317,643
Deposits	**7,500**	-
Accounts payable and accrued liabilities	**46,763**	160,845
Debenture interest	**9,597**	9,597
Embedded derivative liability	**697**	18,702
Debenture principal	**1,130,000**	1,130,000
Due to directors	**3,000**	3,000

The above balances were translated into US dollars at the year-end rate of $1.3642 (December 31, 2017 - $1.2545) Canadian dollars to every US dollar.

Based on the above net exposures as at December 31, 2018, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately $77,720 (December 31, 2017 - $63,010).

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2018, the Company had working capital deficiency of $1,045,644 (December 31, 2017 – deficiency of $164,664). As at December 31, 2018, the Company had cash of $63,970 (December 31, 2017 - $458,921) to settle current liabilities of $1,128,845 (December 31, 2017 - $632,585) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has liquidity risk at this time and is dependent on raising funds from external sources. Since the Company does yet earn revenue, it will be required to raise additional capital to fund exploration and operations.

c) Fair value risk:

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, reclamation bonds, accounts payable and accrued liabilities and due to directors approximate fair values due to the relatively short term maturities of these instruments. The fair value of the Company's debenture embedded derivative liability is indexed to the gold spot price at the end of each reporting period.

d) Credit risk:

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash, and reclamation bonds. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions and its reclamation bonds with government agencies.

e) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash and debentures payable, so its exposure to interest rate risks is insignificant. The Company's debentures payable bear a fixed interest rate.

23. CONTINGENT CONSIDERATION SHARES

On November 5, 2018, the Company sold all interest in Goldridge Holdings and its subsidiary to MNRG (Notes 13, 19(c)). In addition to the cash consideration received, MNRG was to issue 21,942,576 MNRG ordinary shares. At the closing of the transaction, the Company assigned a value of $NIL to these contingent consideration shares because the fair value of the shares are estimated to be $NIL. As at December 31, 2018, receipt of these shares is pending.

24. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2018		2017
Loss for the year	$	(1,783,596)	$	(3,554,406)
Expected income tax (recovery)	$	(482,000)	$	(960,000)
Change in statutory, foreign tax, foreign exchange rates and other		(151,000)		434,000
Permanent differences		2,000		116,000
Impact of tax rate change		(494,000)		-
Share issue cost		(19,000)		(4,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		272,000		3,849,000
Change in unrecognized deductible temporary differences		872,000		(3,435,000)
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets and liabilities that have not been included on the consolidated statement of financial position are as follows:

		2018		2017
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	997,000	$	667,000
Share issue costs		65,000		74,000
Debt with accretion		(61,000)		-
Non-capital losses available for future period		1,514,000		1,139,000
		2,515,000		1,880,000
Unrecognized deferred tax assets		(2,515,000)		(1,880,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

24. INCOME TAXES (cont'd)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 3,018,000	No expiry date	$ 2,960,000	No expiry date
Share issue costs	239,000	2019 to 2022	273,000	2018 to 2021
Debt with accretion	(226,000)	No expiry date	-	No expiry date
Non-capital losses available for future periods	5,226,000	2033 to 2038	4,549,000	2033 to 2037
Canada	3,752,000	2033 to 2038	3,078,000	2033 to 2037
USA	1,474,000	2034 to 2038	1,472,000	2034 to 2037

Tax attributes are subject to review and potential adjustments by tax authorities.

25. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company completed the following transactions:

a) Repaid director loans in the amount of $48,069.

b) Issued 21,340,000 units at a price of $0.05 per unit for proceeds of $1,067,000. $678,158 of these proceeds were in settlement of share subscriptions due (Note 14). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years, at an exercise price of $0.10 per common share. These warrants were assigned a relative fair value of $507,843 or $0.0238 per warrant.

c) Issued 2,900,000 stock options, vesting immediately with an expiry date of March 26, 2024, to officers, directors and consultants of the Company. Each option entitles the holder to purchase one common share of the company at a price of $0.05 per share. The total fair value of these options granted using the Black-Scholes options pricing model is $108,337 or $0.0374 per option.