Four Nines Gold Inc.
Financial Statements

For the years ended January 31, 2018 and 2017
(Expressed in Canadian dollars)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Four Nines Gold Inc.

We have audited the accompanying financial statements of Four Nines Gold Inc. which comprise the statements of financial position as at January 31, 2018 and 2017, the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Four Nines Gold Inc. as at January 31, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2c) in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2c), indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
May 29, 2018

Four Nines Gold Inc.
Statements of Financial Position
As at January 31
(Expressed in Canadian dollars)

	Note	2018	2017
ASSETS			
Current Assets			
Cash		**$ 228,458**	$ 106,112
Refundable GST		**21,384**	-
Prepaid expenses		**-**	1,500
		249,842	107,612
Exploration and evaluation assets	**7**	**392,032**	68,091
Total assets		**$ 641,874**	$ 175,703
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	**10**	**$ 33,988**	$ 22,140
Loans and advances	**6**	**-**	61,500
		33,988	83,640
SHAREHOLDERS' EQUITY			
Share capital	**8**	**759,486**	126,725
Contributed surplus	**8**	**18,800**	-
Deficit		**(170,400)**	(34,662)
		607,886	92,063
Total liabilities and shareholders' equity		**$ 641,874**	$ 175,703

Corporate information (Note 1)
Going concern (Note 2c)

Approved on behalf of the Board:

"Jim Mustard"
Director – Jim Mustard

"Casey Forward"
Director – Casey Forward

The accompanying notes are an integral part of these financial statements

Four Nines Gold Inc.
Statements of Loss and Comprehensive Loss
For the years ended January 31
(Expressed in Canadian dollars)

	Note		2018		2017
Expenses					
Bank charges and interest		$	221	$	269
General exploration			-		2,738
Filing and transfer agent			26,759		-
Management fees	10		50,000		-
Office and general			1,562		341
Professional fees	10		51,472		31,199
Promotion			5,724		-
Loss and comprehensive loss for the year		$	(135,738)	$	(34,547)
Loss per common share, basic and diluted		$	(0.02)	$	(0.01)
Weighted average number of shares outstanding			8,224,363		3,027,971

Four Nines Gold Inc.
Statements of Cash Flows
For the years ended January 31
(Expressed in Canadian dollars)

	2018	2017
Cash Flows from Operating Activities		
Loss for the year	$ (135,738)	$ (34,547)
	(135,738)	(34,547)
Changes in non-cash working capital:		
Refundable GST	(21,384)	-
Prepaid expenses	1,500	(1,500)
Accounts payable and accrued liabilities	(720)	22,140
Net cash provided by (used in) operating activities	(156,342)	(13,907)
Cash Flows from Financing Activities		
Shares issued for cash	750,000	110,000
Issuance costs	(128,439)	-
Loans and advances received	(61,500)	61,500
Net cash provided by financing activities	560,061	171,500
Cash Flows from Investing Activities		
Acquisition of exploration and evaluation assets	(10,000)	(20,000)
Deferred exploration and evaluation costs	(271,373)	(48,091)
Net cash used in investing activities	(281,373)	(68,091)
Increase in cash and cash equivalents during the period	122,346	89,502
Cash, beginning of year	106,112	16,610
Cash, end of year	$ 228,458	$ 106,112
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

Non-cash investing and financing activities for the year ended January 31, 2018, were as follows:

(a) Issued 300,000 common shares with a value of $30,000 pursuant to the property agreement (Note 7).

(b) Accounts payable includes $12,568 related to mining property expenditures.

(c) Contributed surplus includes $18,800 related to the fair value of compensation options issued during the year.

Non-cash investing and financing activities for the year ended January 31, 2017, were as follows:

None

Four Nines Gold Inc.
Statements of Changes in Equity
(Expressed in Canadian dollars)

		Share Capital					
	Note	Shares	Amount	Contributed Surplus	Share Subscriptions payable	Deficit	Total
Balance, January 31, 2016		**2,638,000**	**$ 15,900**	**$ -**	**$ 825**	**$ (115)**	**$ 16,610**
Share issuances:							
Private placement	8	2,216,500	110,825	-	(825)	-	110,000
Loss for the year		-	-	-	-	(34,547)	(34,547)
Balance, January 31, 2017		**4,854,500**	**126,725**	**-**	**-**	**(34,662)**	**92,063**
Share issuances:							
Issuance of shares on IPO	8	7,500,000	750,000	-	-	-	750,000
Issue costs	8	-	(128,439)	-	-	-	(128,439)
Fair value of agent options	8	-	(18,800)	18,800	-	-	-
Mineral property option	7	300,000	30,000	-	-	-	30,000
Loss for the year		-	-	-	-	(135,738)	(135,738)
Balance, January 31, 2018		**12,654,500**	**$ 759,486**	**$ 18,800**	**$ -**	**$ (170,400)**	**$ 607,886**

1. CORPORATE INFORMATION

The Company was incorporated on March 19, 2015 in British Columbia. The head office, principal address and records office of the Company are located at 488 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

The Company has listed on the Canadian Securities Exchange ("Exchange") by completing an initial public offering ("IPO"). On August 24, 2017, the Company announced it had completed its initial public offering of 7,500,000 units (the "Units"), each Unit compromising one common share of the Company and one-half common share purchase warrant (each whole warrant, a "Warrant") of the Company, at a price of $0.10 per Unit for gross proceeds of $750,000 (the "Offering") with each Warrant exercisable into one share for a period of 24 months following the closing of the Offering at a price of $0.20 in the first year and $0.30 in the second year. The Company commenced trading on the CSE on August 31, 2017 under the symbol "FNAU".

The Company is in the process of acquiring and exploring its resource properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2018.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, which is the functionally currency of the Company, unless otherwise specified. All amounts are rounded to the nearest dollar.

(c) Going Concern of Operations

The Company incurred a loss of $135,738 for the year ended January 31, 2018 (2017: $34,547) and has an accumulated deficit of $170,400 (2017: $34,662) and working capital of $215,854 at January 31, 2018 (2017: $22,472). 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.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize it assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash include cash on hand that is readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(b) Exploration and Evaluation Assets

General exploration Costs

General exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration and evaluation assets.

(c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Such assets are measured at fair value with unrealized gains and losses recognized in profit and loss.

Loans and receivables

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

Available-for-sale ("AFS")

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-forsale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss.

Held-to-maturity investments

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

Cash and cash equivalents are classified as FVTPL.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

FVTPL

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Liabilities in this category include accounts payable and accrued liabilities.

(e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

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

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income Taxes (continued)

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

(g) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

(h) Standards, Amendments and Interpretations Not Yet Adopted

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is tentatively effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases
IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates 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 experience may differ from these estimates and assumptions.

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.

Critical judgments in applying accounting policies

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:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Exploration and Evaluation Expenditure and Impairment

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

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.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

5. SEGMENTED INFORMATION

The Company operates in one segment – the acquisition, exploration and development of resource properties. As at January 31, 2018 and 2017, all of the Company's operations and assets were held in Canada.

6. LOANS AND ADVANCES

During the year ended January 31, 2018, the Company had a total of $nil (2017: $61,500) from two arms-length individuals. The loans are both unsecured, non-interest bearing and repayable on demand.

7. EXPLORATION AND EVALUATION ASSETS

Mariposa

On September 12, 2016, the Company entered into an option agreement to purchase an aggregate of 70% interest in the Mariposa Property comprised of 1311 mineral claims in the White Gold region located in the Dawson Mining District, Yukon. The agreement has been amended on February 7, 2017, July 31, 2017 and January 1, 2018. The terms of the agreement are as follows:

First option to earn 51%:

Pay the optionor an aggregate of $200,000 as follows:
(1) the payment of $10,000 (paid) on signing;
(2) the payment of $10,000 (paid) on or before December 31, 2016;
(3) the payment of $nil on or before December 31, 2017;
(4) the payment of $30,000 on or before December 31, 2018;
(5) the payment of $50,000 on or before December 31, 2019; and
(6) the payment of $80,000 on or before December 31, 2020;

Incur expenditures in the aggregate amount of not less than $2,500,000 as follows
(1) in the amount of $50,000 (completed) on or before December 31, 2016;
(2) in the amount of $250,000 (completed) on or before December 31, 2017;
(3) in the amount of $200,000 on or before December 31, 2018;
(4) in the amount of $500,000 on or before December 31, 2019; and
(5) in the amount of $1,500,000 on or before December 31, 2020;

Issue an aggregate of 1,200,000 common shares and 150,000 warrants as follows:
(1) 100,000 common shares and 100,000 warrants within 5 business days of listing of the Company's stock on the CSE at prices as set out in the IPO (issued);
(2) 200,000 common shares and 50,000 warrants on or before December 31, 2017 at prices as set out in the IPO (issued);
(3) 300,000 common shares on or before December 31, 2018;
(4) 300,000 common shares on or before December 31, 2019; and
(5) 300,000 common shares on or before December 31, 2020.

Second option to earn an additional 19%:

Pay the optionor an aggregate of $200,000 as follows:
(1) the payment of $100,000 on or before December 31, 2021; and
(2) the payment of $200,000 on or before December 31, 2022;

Incur expenditures in the aggregate amount of not less than $2,500,000 as follows
(1) in the amount of $1,250,000 on or before December 31, 2021; and
(2) in the amount of $1,250,000 on or before December 31, 2022;

Issue an aggregate of 500,000 common shares as follows:
(1) 250,000 common shares on or before December 31, 2021; and
(2) 250,000 common shares on or before December 31, 2022.

The Vendor will retain a 2% gross royalty of which 1% of the royalty can be purchased for $1,000,000.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

		2018		2017
Acquisition costs:				
Balance, beginning of the year	**$**	**20,000**	$	-
Additions		**40,000**		20,000
Balance, end of the year		**60,000**		20,000
Exploration costs:				
Balance, beginning of the year		**48,091**		-
Additions		**283,941**		48,091
Balance, end of the year		**332,032**		48,091
Total Expenditures on mineral properties	**$**	**392,032**	$	68,091

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares with no par value.

(b) Issued

For the year ended January 31, 2018

a) In December, pursuant to a mineral property option agreement, the Company issued 200,000 shares at $0.10 per share.

b) In August, pursuant to the IPO, the Company issued 7,500,000 Units at $0.10 per share. Each Unit compromising one common share of the Company and one-half common share purchase warrant (each whole warrant, a "Warrant") of the Company, at a price of $0.10 per Unit for gross proceeds of $750,000 (the "Offering") with each Warrant exercisable into one share until August 24, 2019 at a price of $0.20 each or until August 24, 2019 at a price of $0.30 each.

c) PI Financial Corp. (the "Agent") acted as the Company's agent in connection with the IPO, pursuant to which, the Agent received a cash commission of $52,500, a corporate finance fee of $22,500, costs of $20,629 and 525,000 compensation options, each option exercisable into one common share for a period of 24 months following the Listing Date, at a price of $0.20 in the first year and $0.30 in the second year. Additional costs associated with the offering were legal of $26,021 and other costs of $6,789. The compensation options were valued at $18,800 using the Black-Scholes option pricing model with an average risk-free interest rate of 0.76%, expected life of 2 years, volatility of 100.00% and a dividend yield of 0%.

d) Pursuant to a mineral property option agreement, the Company issued 100,000 shares at $0.10 per share in August and issued 200,000 common shares at $0.10 in December.

For the year ended January 31, 2017:

a) In May and November 2016, the Company issued 2,216,500 shares at $0.05 per share.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

(c) Warrants and Compensation Options:

Pursuant to the IPO, 3,750,000 warrants were issued as of August 24, 2017, to purchase one common share of the Company at $0.20 each by August 24, 2018, or at $0.30 each by August 24, 2019.

Pursuant to the IPO, 525,000 compensation options were issued to the Agent as of August 24, 2017, to purchase one common share of the Company at $0.20 each by August 24, 2018, or at $0.30 each by August 24, 2019.

Pursuant to the mineral property option agreement, 100,000 warrants were issued as of August 24, 2017, to purchase one common share of the Company at $0.20 each by August 24, 2018, or at $0.30 each by August 24, 2019.

Pursuant to the mineral property option agreement, 50,000 warrants were issued as of December 31, 2017, to purchase one common share of the Company at $0.20 each by December 31, 2018, or at $0.30 each by December 31, 2019.

9. INCOME TAXES

A reconciliation from the Company's income tax provision computed at statutory rates to the reported income tax provision for the years ended January 31, 2018 and 2017 is as follows:

		2018		2017
Statutory tax rate		**26.00%**		26.00%
Loss for the year before income taxes	**$**	**(135,738)**	$	(34,547)
Expected income tax recovery		**(35,292)**		(8,982)
Tax benefits not recognized		**35,292**		8,982
Income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's net deferred income tax assets and liabilities are as follows:

		2018		2017
Deferred income tax assets				
Non-capital tax losses carried forward	**$**	**44,000**	$	8,000
Share issue costs		**27,000**		-
Cumulative exploration and development expenses		**22,000**		4,000
Total unrecognized deferred income tax assets	**$**	**93,000**	$	12,000

As at January 31, 2018, the Company has estimated non-capital losses of approximately $167,662 (2017: $31,924) for Canadian income purposes that may be carried forward to reduce taxable income derived in future years. If not utilized, these losses will expire as follows:

2036	$	115
2037		31,809
2038		135,738
	$	**167,662**

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

10. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2018, the Company entered into the following transactions with related parties:

(a) Management fees of $50,000 were paid or accrued to be paid to Jim Mustard, CEO and a director of the Company;

(b) Professional fees of $13,000 were paid or accrued to be paid to Casey Forward, CFO and a director of the Company;

(c) Pursuant to exploration costs incurred on the Mariposa project, Chris Verrico, a director of the Company was paid or accrued to be paid, $21,500 for project management and implementation, and $50,500 for rental fees of a Hitachi Excavator used on the mineral property.

During the year ended January 31, 2017 the following transactions were entered into:

(d) Nil.

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties. As at January 31, 2018, $13,767 (January 31, 2017, $1,500) was owing to related parties.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

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

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the year.

12. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

12. FINANCIAL INSTRUMENTS AND RISKS (continued)

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 manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at January 31, 2018, the Company had a cash balance of $249,842 to settle current liabilities of $26,488. The Company will require financing from lenders, shareholders or other investors to generate sufficient capital to meet its short-term business requirements.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, available-for-sale, loans and receivables and other financial liabilities.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

Price risk

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

Credit Risk

Financial instruments that potentially expose the Company to credit risk are cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISKS (continued)

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

At January 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 106,112	$ -	$ -	$ 106,112

At January 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 228,458	$ -	$ -	$ 228,458

13. SUBSEQUENT EVENTS

None