Consolidated Financial Statements of

NxGold Ltd.

For the two-month fiscal year ended December 31, 2017 and the year ended October 31, 2017

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Independent Auditor's Report

To the Shareholders of NxGold Ltd.

We have audited the accompanying consolidated financial statements of NxGold Ltd., which comprise the consolidated statements of financial position as at December 31, 2017 and October 31, 2017, and the consolidated statements of income (loss) and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the two months ended December 31, 2017 and year ended October 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NxGold Ltd. as at December 31, 2017 and October 31, 2017, and its financial performance and its cash flows for the two months ended December 31, 2017 and year ended October 31, 2017 in accordance with International Financial Reporting Standards.

"D&H Group LLP"

Vancouver, B.C.
April 26, 2018

Chartered Professional Accountants

NXGOLD LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Audited - Expressed In Canadian Dollars)
AS AT

	Note		December 31, 2017		October 31, 2017
ASSETS					
Current					
Cash		**$**	**1,298,888**	$	3,199,285
Accounts receivable			**41,731**		31,371
Available for sale securities	4		**898,128**		677,094
Fuel inventory			**77,997**		-
Deposits	13		**1,491,150**		7,500
			3,807,894		3,915,250
Non-Current					
Equipment	5		**45,060**		46,781
Exploration and evaluation assets	6		**1,938,429**		1,765,992
TOTAL ASSETS		**$**	**5,791,383**	$	5,728,023
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**136,387**	$	162,083
TOTAL LIABILITIES			**136,387**		162,083
EQUITY					
Share capital	8		**8,371,896**		8,371,896
Share option reserve	8		**1,520,904**		1,384,898
Accumulated other comprehensive income			**767,389**		546,355
Deficit			**(5,005,193)**		(4,737,209)
TOTAL EQUITY			**5,654,996**		5,565,940
TOTAL LIABILITIES AND EQUITY		**$**	**5,791,383**	$	5,728,023

Nature of business (Note 1)
Subsequent Events (Note 13)

The accompanying notes are an integral part of these consolidated financial statements
These consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2018

"Leigh Curyer"	*"Trevor Thiele"*
Leigh Curyer, Director	**Trevor Thiele, Director**

NXGOLD LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Audited - Expressed In Canadian Dollars)

	Note	For the two-month fiscal year ended December 31, 2017	For the year ended October 31, 2017
Share-based compensation	8	**$ 127,642**	$ 1,078,307
Salaries and director fees		**115,000**	624,685
Professional fees		**24,458**	117,388
Office and other		**9,811**	73,335
Travel		**117**	64,266
Loss before other items		**(277,028)**	(1,957,981)
Interest income		**9,044**	25,099
Loss		**(267,984)**	(1,932,882)
Unrealized gain on available for sale securities	4	221,034	226,632
Comprehensive loss		**$ (46,950)**	$ (1,706,250)
Loss per common share – basic and diluted		**$ (0.01)**	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted		**38,147,143**	34,761,580

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

NXGOLD LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Audited - Expressed In Canadian Dollars)

	Notes	Common shares: Shares	Common shares: Amount	Reserves	Accumulated other comprehensive income	Accumulated deficit	Total
			$	$	$	$	$
Balance, October 31, 2016		15,076,443	3,012,442	149,684	319,723	(2,804,327)	677,522
Private placement		21,956,600	5,489,150	-	-	-	5,489,150
Shares issued for option agreement	6b	800,000	288,000	-	-	-	288,000
Share issuance costs		-	(436,221)	97,600	-	-	(338,621)
Exercise of warrants	8	314,100	18,525	-	-	-	18,525
Share-based compensation		-	-	1,137,614			1,137,614
Unrealized gain on available-for-sale securities		-	-	-	226,632	-	226,632
Net loss		-	-	-	-	(1,932,882)	(1,932,882)
Balance, October 31, 2017		38,147,143	8,371,896	1,384,898	546,355	(4,737,209)	5,565,940
Share-based compensation	8	-	-	136,006	-	-	136,006
Unrealized gain on available-for-sale securities	4	-	-	-	221,034	-	221,034
Net loss		-	-	-	-	(267,984)	(267,984)
Balance, December 31, 2017		38,147,143	8,371,896	1,520,904	767,389	(5,005,193)	5,654,996

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

NXGOLD LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS
(Audited - Expressed In Canadian Dollars)

		For the two-month fiscal year ended December 31, 2017		For the year ended October 31, 2017
Cash flows from (used in) operating activities				
Loss for the period	**$**	**(267,984)**	$	(1,932,882)
Items not involving cash:				
Share-based payments		**127,642**		1,078,307
Depreciation expense		**1,721**		5,939
Changes in non-cash working capital				
Account receivable		**(10,360)**		(29,059)
Inventory		**(2,300)**		-
Deposits		**(1,483,650)**		(7,500)
Accounts payable and accrued liabilities		**(25,696)**		(65,736)
	$	**(1,660,627)**	$	(950,931)
Cash flows used in investing activities				
Additions to exploration and evaluation assets	**$**	**(239,770)**	$	(1,418,685)
Additions to equipment		**-**		(52,719)
	$	**(239,770)**	$	(1,471,404)
Cash flows provided by (used in) financing activities				
Share issued	**$**	**-**	$	5,489,150
Share issuance costs		**-**		(338,620)
Proceeds from the exercise of warrants		**-**		18,525
	$	**-**	$	5,169,055
Change in cash	**$**	**(1,900,397)**	$	2,746,720
Cash, beginning of period		**3,199,285**		452,565
Cash, end of period	**$**	**1,298,888**	$	3,199,285

Supplemental cash flow information (Note 12)

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

1. NATURE OF BUSINESS

NxGold Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2004. The Company's registered and records office is located on the 22nd Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. The Company is engaged in acquiring and exploring early-stage mineral resource properties.

In March 2018, the Company changed its financial and fiscal year end from October 31 to December 31, to align its reporting with peers. The Company's statement of financial position is as at December 31, 2017 and as at October 31, 2017 and the statements of income and comprehensive income, cash flows and changes in equity are for the two-month fiscal year ended December 31, 2017 compared to the year ended October 31, 2017.

The Company is considered to be in the development stage and is currently exploring mineral properties. During the two-months ended December 31, 2017, the company had a net loss of $0.3 million and working capital of $3.7 million as at December 31, 2017. At April 26, 2018 the working capital balance has dropped to approximately $1.5 million due primarily to the acquisition of the Pilbara project. The Company believes that it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its earn in options on the Chicobi Project and fund other exploration activities (Note 6).

These financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts ("$"). These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2. BASIS OF PRESENTATION (continued)

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

i. Impairment

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that an impairment loss or reversal of previous impairment should be recorded. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii. Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options to calculate share-based payment expenses. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payment expenses. Refer to Note 8 for further details.

In situations where equity instruments are issued to settle amounts due or for goods or services received by the entity as consideration which cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the amount settled or goods or services received. The significant share-based payment transactions are listed in Note 12 and include property acquisitions.

Information about significant areas of judgment exercised by management in preparing these financial statements are as follows:

iii. Going concern

The Company's management has assessed the Company's ability to continue as a going concern as disclosed in Note 1 and is satisfied that the Company has the resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on a going concern basis.

2. BASIS OF PRESENTATION (continued)

iv. Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have reached a stage which permits a reasonable assessment of the existence of mineral reserves or resources. The determination of mineral reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified.

3. SIGNIFICANT ACCOUNTING POLICIES

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting right. Subsidiaries are fully consolidated from the date on which control is acquired. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control ceases.

The Company has one 100% owned subsidiary, NxGold Australia Pty. Ltd., which was incorporated in Australia on December 18, 2017.

The accounting policies followed by the Company as set out below have been consistently followed in the preparation of these financial statements.

(a) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Translation of transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rate prevailing at the date of the transaction or the date of valuation (when items are re-measured). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate of exchange in effect as at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into the reporting currency using the exchange rate as at the date of the initial transaction.

(b) Cash

Cash includes deposits held with banks and which are available on demand.

(c) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, exploration and evaluation costs are capitalized as exploration and evaluation assets on an area of interest basis, pending determination of the technical feasibility and commercial viability of the property. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished, or a project is abandoned, the related deferred costs are recognized in profit or loss immediately.

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Although the Company has taken steps to verify its title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for similarly advanced exploration properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management regularly assesses the carrying value of non-producing properties and properties for which events and circumstances may indicate possible impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest is demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining assets and development assets within property, plant and equipment.

(d) Equipment

(i) Recognition and measurement

Items of equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of equipment is recognized when that cost is incurred, if it is probable that the future economic benefits of the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Depreciation

The carrying amount of equipment (including initial and subsequent capital expenditures) is amortized to the estimated residual value over the estimated useful life of the specific assets. Depreciation is calculated over the estimated useful life of each significant component of equipment as follows:

- Computing equipment	55% declining balance basis
- Field equipment	20% declining balance basis

Depreciation methods, useful lives, and residual values are reviewed at least annually and adjusted if appropriate.

(iv) Disposal

Gains and losses on disposition of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

(e) Impairment

An impairment loss is recognized when the carrying amount of an asset, or a cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of an asset is the greater of an asset's fair value less the cost to sell the asset and its value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(f) Decommissioning and Restoration Provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time, the discounted liability is increased for changes in present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the period presented.

(g) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(h) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire common shares of the Company. The fair value of options granted is recognized as a share-based payment expense or capitalized to exploration and evaluation assets with a corresponding increase in equity reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of granted options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to settle amounts due or for goods or services received by the Company as consideration which cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the amount settled or goods or services received.

(i) Financial Instruments

The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Accounts receivable are included in this category of financial assets.

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 less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

The Company classifies its financial liabilities into one of two categories as follows:

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

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category of financial liabilities.

(j) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company uses the treasury stock method to compute the dilutive effect of options and other similar instruments. Under this method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented.

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Future Accounting Pronouncements:

The following standards have not been adopted by the Company and are being evaluated:

IFRS 9 – *Financial Instruments* is a new standard that replaced IAS 39 – *Financial Instruments: Recognition and Measurement* for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018. The Company does not expect the standard to have a material impact on its financial statements.

IFRS 16 – *Leases* is a new standard that will replace IAS 17 - *Leases* for the accounting and measurement of leases with a term of more than 12 months, effective for annual periods beginning on or after January 1, 2019. The Company does not expect the standard to have a material impact on its financial statements.

(Audited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 2 – *Share-based payments* is an amended standard to clarify how to account for certain types of share-based payment transactions, effective for annual periods beginning on or after January 1, 2018. The amendments provide for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments and, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The extent of the impact of adoption of the amended standard on the Company's financial statements has not yet been determined.

4. AVAILABLE FOR SALE SECURITIES

	December 31, 2017	October 31, 2017
Opening	**$ 677,094**	$ 450,464
Unrealized gain	**221,034**	226,630
Closing	**$ 898,128**	$ 677,094

Available for sale securities consist of 279,791 common shares of NexGen Energy Ltd. ("NexGen"), a corporation with several common directors and officers, the common shares of which are listed on the Toronto Stock Exchange and NYSE American LLC. The carrying value is based on the estimated fair value of NexGen common shares and determined using published closing prices. The cost was $130,764.

5. EQUIPMENT

	Computing Equipment	**Equipment**	**Total**
Cost			
Balance, October 31, 2016	$ -	$ -	$ -
Additions	3,809	48,910	52,719
Balance, October 31, 2017	**3,809**	**48,910**	**52,719**
Additions	**-**	**-**	**-**
Balance, December 31, 2017	**$ 3,809**	**$ 48,910**	**$ 52,719**
Accumulated depreciation			
Balance, October 31, 2016	$ -	$ -	$ -
Depreciation	1,047	4,891	5,938
Balance, October 31, 2017	**1,047**	**4,891**	**5,938**
Depreciation	253	1,468	1,721
Balance, December 31, 2017	**$ 1,300**	**$ 6,359**	**$ 7,659**
Net book Value:			
Balance, October 31, 2017	$ 2,762	$ 44,019	$ 46,781
Balance, December 31, 2017	**$ 2,509**	**$ 42,551**	**$ 45,060**

(Audited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Kuulu (a)	Chicobi (b)	Total
Acquisition costs:			
Balance, October 31, 2016	$ -	$ -	$ -
Additions	135,160	447,065	582,225
Balance, October 31, and December 31, 2017	$ 135,160	$ 447,065	$ 582,225
Deferred exploration costs:			
Balance, October 31, 2016	$ -	$ -	$ -
Additions:			
Geological	297,553	20,874	318,427
Survey	296,098	258,813	554,911
Travel	61,948	6,932	68,880
Salaries	124,561	57,681	182,242
Share-based payments	29,654	29,653	59,307
Balance, October 31, 2017	809,814	373,953	1,183,767
Additions:			
Geological	6,966	8,010	14,976
Survey	-	167,908	167,908
Travel	10,618	5,957	16,575
Salaries	19,898	20,413	40,311
Share-based payments	5,228	3,136	8,364
Less reclassified to inventory	(75,697)	-	(75,697)
Balance, December 31, 2017	$ 776,827	$ 579,377	$ 1,356,204
Total exploration and evaluation asset:			
Balance, October 31, 2016	$ -	$ -	$ -
Balance, October 31, 2017	$ 944,974	$ 821,018	$ 1,765,992
Balance, December 31, 2017	$ 911,987	$ 1,026,442	$ 1,938,429

(a) Kuulu Property

In October 2016, the Company entered into an earn-in agreement (the “**Kuulu Earn-In Agreement**”) with Meliadine Gold Ltd. (“**MGL**”) (amended and restated February 3, 2017 and having an effective date of January 17, 2017), to earn up to a 70% interest in the Kuulu Property (the “**Kuulu Property**”) upon satisfaction of certain requirements. The Kuulu Property is located in the Kavilliq region of Nunavut.

(Audited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Specifically, the Company has the right to acquire an undivided 50% interest in the Kuulu Project (the "**First Earn-In Option**") and the right to acquire an additional undivided 20% interest in the Kuulu Project (the "**Second Earn-In Option**") by incurring the expenditures and payments set out below:

	Minimum expenditure	Cash payment	Total
First Earn-In Option (50% undivided interest)			
January 17, 2018	$ 1,000,000	$ 75,000(1)	$ 1,075,000
January 17, 2019	4,000,000	75,000	4,075,000
January 17, 2020	5,000,000	75,000	5,075,000
	$ 10,000,000	**$ 225,000**	**$ 10,225,000**
Second Earn-In Option (additional 20% undivided interest)			
January 17, 2021	$ 2,000,000	$ 75,000	$ 2,075,000
January 17, 2022	3,000,000	75,000	3,075,000
January 17, 2023	5,000,000	75,000	5,075,000
January 17, 2024	15,000,000	75,000	15,075,000
	$ 25,000,000	**$ 300,000**	**$ 25,300,000**

(1) Paid

The Second Earn-In Option is also subject to delivering to MGL a bankable feasibility study on or before January 17, 2024. The Company may extend the delivery date for the bankable feasibility study for up to three additional one-year periods, upon payment to MGL of $2.5 million in cash for each such one-year extension. The Company may also extend the date for incurring any of the expenditures required by the Second Earn-In Option for an additional one-year period, at no additional cost.

In November 2017, the Company delivered a notice of force majeure suspending its obligations under the Kuulu Earn-In Agreement, due to the continued delay in the renewal of the existing Land Use Licences, KVL311B01 and KVRW12E01. As of the date of this report, the land use licenses are yet to be renewed. The land use licences are the only outstanding permits for the Company's proposed exploration program at the Kuulu Project.

The Kuulu Property is subject to a 1% net smelter returns royalty and a 12% net profit interest royalty.

(b) Chicobi Property

Effective June 7, 2017, the Company entered into an option agreement with Kenorland Minerals Ltd. (the "**Kenorland Option Agreement**") to earn up to a 100% interest in the Chicobi Project, located approximately 30 km northeast of Amos, Quebec (the "**Chicobi Project**"). Pursuant to the Chicobi Option Agreement, the Company has the exclusive right to earn an undivided 80% interest in the Chicobi Project (the "**First Option**") upon: (i) paying $100,000 cash (paid) and issuing 800,000 common shares (complete); and (ii) incurring an aggregate of $2 million in expenditures on the Chicobi Property on or before October 1, 2018. The 800,000 shares issued were recorded at their estimated fair value of $288,000.

Upon earning an 80% interest in the Chicobi Project, the Company has the exclusive right to earn an additional 20% interest in the project (the "**Second Option**"), thereby increasing its interest in the project to 100%, by incurring an additional $1 million of expenditures on the property, on or before June 7, 2020.

(Audited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

In connection with the grant of the First and Second Option, the Company agreed to the grant of a 2% net smelter returns royalty in respect of minerals produced from the property and supporting hypotec in respect of the property.

In the event the Company exercises the First Option but not the Second Option, the parties will be deemed to have formed a joint venture with the Company having an 80% interest and the vendor having a 20% interest.

7. INCOME TAXES

The significant components of the Company's deferred income taxes are as follows:

	December 31, 2017	October 31, 2017
Deferred income taxes		
Benefit of loss carryforwards	**$ 1,118,950**	$ 1,049,100
Available for sale securities	**133,756**	71,023
Exploration and evaluation assets	**189,226**	189,226
	1,441,932	1,309,349
Less: Unrecognized deferred tax asset	**(1,441,932)**	(1,309,349)
	$ -	$ -

The following reconciliation of the statutory combined federal and provincial income taxes to the effective income taxes:

	For the two-month fiscal year December 31, 2017	For the year ended October 31, 2017
Loss from operations	**$ (267,984)**	$ (1,932,882)
Statutory rate	**26%**	26%
Expected tax recovery	**(69,676)**	(502,550)
Share issue costs	**-**	(69,575)
Share-based payments	**33,187**	280,360
Unrecognized deferred tax asset	**36,489**	291,765
	$ -	$ -

8. SHARE CAPITAL

The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid.

(a) Common shares

On December 13, 2016, the Company issued 19,840,600 units at a price of $0.25 per unit, for gross proceeds of $4,960,150. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of $0.50 per share until December 13, 2019. The Company incurred share issue costs of $338,620 and issued 441,000 finder's warrants. The finder's warrants are exercisable into common shares for $0.25 per share until December 13, 2019 and were accounted for at their estimated fair value of $97,600.

(Audited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

On January 13, 2017, the Company issued 2,116,000 units at price of $0.25 per unit, for gross proceeds of $529,000. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share until January 13, 2020 at a price of $0.50 per share.

(b) Warrants

The number of warrants outstanding are summarized as follows:

	Number of warrants	**Weighted average exercise price per warrant ($)**
Outstanding October 31, 2016	10,690,000	$ 0.05
Issued	11,419,300	$ 0.49
Exercised	(314,100)	$ 0.06
Outstanding October 31, 2017 and December 31, 2017	21,795,200	$ 0.28

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

Expiry date	Exercise price	Number of warrants	Remaining life (years)
October 15, 2020	$ 0.07	2,000,000	2.7
October 15, 2020	$ 0.05	4,890,000	2.7
July 28, 2020	$ 0.05	3,500,000	2.5
December 13, 2019	$ 0.50	9,920,300	1.9
December 13, 2019	$ 0.25	426,900	1.9
January 13, 2020	$ 0.50	1,058,000	2.0
	$ 0.28	21,795,200	2.2

(c) Stock Options

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, entitling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding on the dates set forth below are summarized as follows:

	Number of options	**Weighted average exercise price per share**
Outstanding October 31, 2016	-	
Granted	3,550,000	$ 0.52
Outstanding October 31, 2017	3,550,000	$ 0.52
Granted	-	$ -
Outstanding December 31, 2017	3,550,000	$ 0.52
Number of options exercisable	1,183,333	$ 0.52

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8. SHARE CAPITAL (continued)

As at December 31, 2017, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Remaining contractual life (years)	Expiry date
3,300,000	$ 0.52	1,100,000	$ 0.52	4.1	February 1, 2022
250,000	$ 0.45	83,333	$ 0.45	4.3	April 25, 2022
3,550,000	$ 0.52	1,183,333	$ 0.52		

The options granted vest one-third annually with one-third vesting immediately. The Company uses the Black-Scholes option pricing model to calculate the fair value of granted stock options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. There were no options granted in the two-months ended December 31, 2017.

Share-based compensation for options vested in the two-month fiscal year ended December 31, 2017 amounted to $136,006 of which $127,642 was expensed to the statement of loss and comprehensive loss, and $8,364 was capitalized to exploration and evaluation assets (Note 6). Share-based compensation for options vested in the year ended October 31, 2017 amounted to $1,137,614 of which $1,078,307 was expensed to the statement of loss and comprehensive loss, and $59,307 was capitalized to exploration and evaluation assets (Note 6).

9. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and available-for-sale securities.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company, has historically relied on the equity markets to fund its activities. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

10. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of input described in the following hierarchy:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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10. FINANCIAL INSTRUMENTS (continued)

- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The Company's financial instrument recorded at fair value consists of cash and available for sale securities and are measured based on Level 1 inputs.

The fair value of accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

Financial risk management objectives and policies
The Company's financial instruments include cash, amounts receivable, available for sale securities, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk
The Company is not exposed to significant interest rate risk.

Credit risk
Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian banks that are believed to be creditworthy. Amounts receivable is comprised primarily of amounts due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk
Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages its liquidity by continuously monitoring and forecasting cash flows from operations and anticipating any investing and financing activities.

11. RELATED PARTY DISCLOSURES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

Two-month fiscal year ended December 31, 2017	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of loss and comprehensive loss	$ 108,333	$ 125,708	$ 234,041
Capitalized to exploration and evaluation assets	33,333	8,364	41,697
	$ 141,666	$ 134,072	$ 275,738

(Audited - Expressed in Canadian Dollars)

11. RELATED PARTY DISCLOSURES (continued)

Year ended October 31, 2017	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	$ 474,673	$ 1,061,992	$ 1,536,665
Capitalized to exploration and evaluation assets	103,846	59,307	163153
	$ 578,519	$ 1,121,299	$ 1,630,196

As at December 31, 2017 there was $65,000 (October 31, 2017 – nil) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

12. SUPPLEMENTAL CASH FLOW INFORMATION

There was no cash paid for income tax or interest in the two-months ended December 31, 2017 and year ended October 31, 2017.

In the year ended October 31, 2017 the Company issued 800,000 shares pursuant to an option agreement (see Note 6).

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13. SUBSEQUENT EVENT

Mt. Roe Acquisition - On January 23, 2018, the Company acquired an 80% interest in the Mt. Roe gold project located in the Pilbara region of Western Australia (the “**Pilbara Project**”), by purchasing all of the issued and outstanding shares of Roe Gold Limited in exchange for AU$1.5 million and 19 million common shares of the Company. In connection with the transaction, the Company also issued 760,000 common shares in its capital as a finder’s fee. Pursuant to the terms of transaction, the holder of the remaining 20% in the Pilbara Project, 1) will be free-carried by the Company to completion of a bankable feasibility study; and 2) will be granted a US$ 20 per ounce royalty from the Pilbara Project. As of December 31, 2017, pursuant to the terms agreement, the AU$1.5 million cash component of the purchase price had been deposited with the vendor signifying satisfactory completion of the Company’s due diligence.