American Creek Resources Ltd.

Financial Statements

December 31, 2018

(expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of American Creek Resources Ltd.,

Opinion

We have audited the financial statements of American Creek Resources Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, B.C.
April 29, 2019

American Creek Resources Ltd.

Statements of Financial Position

As at December 31,

(expressed in Canadian dollars)

	2018 $	2017 $
Assets		
Current assets		
Cash	49,719	24,063
Prepaid expenses and deposits (note 4)	12,973	12,271
Receivables (note 5)	21,261	10,811
Marketable securities (note 8)	17,880	294,550
	101,833	341,695
Reclamation bonds (note 6)	82,000	66,000
Property and equipment (note 7)	16,986	23,591
Exploration and evaluation assets (notes 9 and 15)	2,941,253	2,609,378
	3,142,072	3,040,664
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 15)	778,351	642,058
Current portion of long-term debt (note 11)	1,869	1,869
	780,220	643,927
Long-term debt (note 11)	35,073	36,942
	815,293	680,869
Shareholders' Equity		
Share capital (note 12)	30,900,758	30,525,446
Reserves (note 12)	9,408,750	9,152,966
Deficit	(37,982,729)	(37,318,617)
	2,326,779	2,359,795
	3,142,072	3,040,664

Going concern (note 1)
Commitments (note 18)
Subsequent events (note 20)

See accompanying notes to these financial statements.

Approved by the Board of Directors

"Darren R. Blaney" Director *"Robert N. Edwards"* Director

American Creek Resources Ltd.

Statements of Loss and Comprehensive Loss

For the years ended December 31,

(expressed in Canadian dollars)

	2018 $	2017 $
Expenses		
Advertising and promotion	59,124	61,125
Business development and property investigation	28,643	27,655
Corporate communications	28,665	32,605
Depreciation on equipment (note 7)	6,605	9,266
Interest on long term debt	2,931	2,809
Filing and transfer agent fees	13,002	20,548
Management fees (note 14)	243,772	316,072
Office and administration	120,975	132,234
Professional fees	77,753	71,469
Stock-based compensation (note 12)	29,704	134,280
	(611,174)	(808,063)
Other		
Property impairment (note 9)	-	16,786
Loss on disposal of marketable securities and change in fair market value(note 8)	52,938	385,138
Marketable securities impairment (note 8)	-	513,749
Gain on write-off of accounts payable	-	(63,772)
Gain on shares issued to settle payables (note 12)	-	(76,265)
Net loss	(664,112)	(1,583,699)
Other comprehensive loss		
Reclassification adjustment for loss included in AOCL due to impairment (note 8)	-	(363,049)
Reclassification adjustment for loss included in AOCL upon sale of marketable securities (note 8)	-	(365,701)
Total other comprehensive (loss) income	(664,112)	728,750
Total comprehensive loss	(664,112)	(854,949)
Basic and diluted loss per common share	(0.00)	(0.01)
Basic and diluted weighted average number of common shares outstanding	265,212,988	244,405,879

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Statements of Changes in Equity

For the year ended December 31, 2018

(expressed in Canadian dollars)

	Share capital		Reserves				
	Number of shares	Amount $	Share-based payment reserve $	Warrant reserve $	Investment revaluation reserve $	Deficit $	Equity $
Balance as at January 1, 2018	259,210,959	30,525,446	5,454,235	3,698,731	-	(37,318,617)	2,359,795
Shares issued (note 12):							
Private placements	12,000,000	600,000	-	-	-	-	600,000
Shares issued to settle payables	236,250	10,661	-	-	-	-	10,661
Valuation of warrants issued	-	(226,079)		226,079	-	-	-
Share issuance costs	-	(9,239)	-	-	-	-	(9,239)
Valuation of options granted (note 12)	-	-	29,704	-	-	-	29,704
Loss for the period	-	-	-	-	-	(664,112)	(664,112)
Balance as at December 31, 2018	271,447,209	30,900,759	5,483,939	3,924,810	-	(37,982,729)	2,326,809
Balance as at January 1, 2017	229,314,742	29,300,283	5,319,955	3,430,773	(728,750)	(35,734,918)	1,587,343
Shares issued (note 12):							
Private placements	17,500,000	875,000	-	-	-	-	875,000
Shares issued to settle payables	12,021,217	603,248	-	-	-	-	603,248
Shares issued to acquire exploration and evaluation assets	375,000	26,250	-	-	-	-	26,250
Valuation of warrants issued	-	(267,958)		267,958	-	-	-
Share issuance costs	-	(11,377)	-	-	-	-	(11,377)
Valuation of options granted (note 12)	-	-	134,280	-	-	-	134,280
Reclassification adjustment for loss included in AOCL - impairment (note 8)	-	-	-	-	363,049	-	363,049
Reclassification adjustment for loss included in AOCL – upon sale (note 8)					365,701		365,701
Loss for the year	-	-	-	-	-	(1,583,699)	(1,583,699)
Balance as at December 31, 2017	259,210,959	30,525,446	5,454,235	3,698,731	-	(37,318,617)	2,359,795

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Statements of Cash Flows

For the year ended December 31,

(expressed in Canadian dollars)

	2018 $	2017 $
Operating activities		
Net loss for the year	(664,112)	(1,583,699)
Items not affecting cash		
Depreciation on equipment	6,605	9,266
Property impairment costs	-	16,786
Bad debt expense	-	-
Loss on disposal of marketable securities and change in fair market value	52,938	385,138
Gain on shares issued to settle payables	-	(76,265)
Gain on accounts payable write-off	-	(63,772)
Marketable securities impairment	-	513,749
Stock-based compensation	29,704	134,280
	(574,865)	(664,517)
Changes in non-cash working capital		
Prepaid expenses and deposits	(702)	2,355
Receivables	(10,450)	(2,659)
Accounts payable and accrued liabilities	146,924	(592,285)
Cash used in operating activities	(439,093)	(1,257,106)
Financing activities		
Repayment of long-term debt	(1,869)	(2,278)
Proceeds from issuance of capital stock	600,000	875,000
Share issuance costs - cash	(9,239)	(11,377)
Cash provided by financing activities	588,892	861,345
Investing activities		
Net proceeds on option related to disposal of exploration and evaluation assets	50,000	-
Disposal of marketable securities	223,732	429,063
Expenditures of exploration and evaluation assets	(381,875)	(96,853)
Payment of reclamation bond	(16,000)	-
Cash provided by (used in) investing activities	(124,143)	332,210
Increase (decrease) in cash	25,656	(63,551)
Cash – beginning	24,063	87,614
Cash – ending	49,719	24,063

Supplemental disclosures with respect to cash flows (note 13)

See accompanying notes to these financial statements.

(expressed in Canadian dollars)

1 Nature of operations and going concern

American Creek Resources Ltd. (the "Company") was incorporated under the *British Columbia Business Corporations Act* on February 12, 2004 and continued into Alberta on August 26, 2005. On December 11, 2018, the Company continued again into British Columbia. The Company is engaged in the exploration and development of mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The head office and principal address of the Company is 92 – 2nd Ave W, Cardston, AB, Canada, T0K 0K0. The Company's registered address and records office is 700 – 9th Ave SW, Suite 3000, Calgary, Alberta, Canada, T2P 3V4.

The Company's primary listing is on the TSX Venture Exchange under the ticker symbol "AMK".

Going concern

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. The Company is in the exploration stage and has not generated revenue from operations. The Company incurred a net loss of $664,112 during the year ended December 31, 2018 (2017 – $1,583,699), generated negative cash flows from operating activities of $439,093 (2017 – $1,257,106) and, as of that date the Company's deficit was $37,982,729 (2017– $37,318,617) and working capital deficiency was $678,387 (2017 – $302,232). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company's exploration and development programs, including private placements, property dispositions and settling payables for shares, so it can continue as a going concern. There is no assurance that these initiatives will be successful.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(expressed in Canadian dollars)

2 Basis of preparation

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

These financial statements were approved for issuance by the Company's board of directors ("Board") on April 29, 2019.

These financial statements have been prepared on a historical cost basis except as disclosed in the significant accounting policies in note 3. They are presented in Canadian dollars which is the Company's functional currency.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed under the Standards, Amendments and Interpretations Not Yet Effective.

Financial instruments

Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(expressed in Canadian dollars)

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Marketable securities	Asset held for sale	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Long term debt	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018. The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(expressed in Canadian dollars)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation assets

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

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets expenditures, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of a cash generating unit may exceed its recoverable amount.
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 “mine under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to mine under construction.

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

(expressed in Canadian dollars)

Reclamation bonds

Cash which is held by a third party and is subject to contractual restrictions on use is classified separately as reclamation bonds.

Property and equipment

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Computer and office equipment	30%
Exploration equipment	30%
Furniture and fixtures	20%
Vehicles	30%
Leasehold improvements	Over the lease term

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of loss and comprehensive loss in the period the item is derecognized.

Residual values, depreciation methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Impairment of property and equipment and exploration and evaluation assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a risk-free discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. Each cash generating unit is determined by grouping assets according to their geographical location.

(expressed in Canadian dollars)

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

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted and are expected to apply when the deferred tax asset or liability is settled.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

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

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

(expressed in Canadian dollars)

Amounts equal to the proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration expenditures within a maximum two-year period. The portion of the amount equal to the proceeds received but not yet expended at the end of the Company's fiscal period is disclosed separately where applicable.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as operating expense and as reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. Options granted vest immediately and have no market performance conditions associated.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration 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 goods or services received.

Loss per share

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

Provisions for decommissioning liabilities

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

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At December 31, 2018, the Company estimates

(expressed in Canadian dollars)

that there are no significant reclamation costs and have not recorded any provision for environmental rehabilitation.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Significant accounting judgements and estimates

The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date; that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

- Measurement of compensation cost attributable to the Company's share based compensation plan, as well as warrants to purchase common shares issued in private placements, are subject to the estimation of fair value using the Black-Scholes option pricing model. The valuation is based on significant assumptions such as: i) the volatility of the share price; ii) the life of the option; iii) forfeiture rate; iv) the risk-free interest rate for the life of the option (see note 12);
- Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings (note 19);
- The Company evaluates the circumstances that may give rise to various commitments along with the likelihood they will occur to estimate any amount to be accrued in the statement of financial position (note 18);

- Impairment of the Company's exploration and evaluation assets is evaluated at the CGU level. The determination of CGU's requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGU's have been determined based on similar geological structure, shared infrastructure, geographical proximity, commodity type and similar exposures to market risks. In testing for impairment, the recoverable amount of the Company's CGU's is determined based on the greater of the value-in-use and fair value less costs of disposal. There is no comparison available of quoted market prices for mineral properties therefore, the recoverable amount is based on estimates of reserves (if any), future precious metal prices, geographical location, prospective potential, and other relevant assumptions; and

(expressed in Canadian dollars)

- Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the years ended December 31, 2018 and 2017. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

Standards, Amendments and Interpretations Not Yet Effective

New standards and interpretations issued but not yet adopted

The following are standards issued but not yet effective up to the year-end date of these financial statements. The Company reasonably expects these standards to be applicable at a future time and intends to adopt these standards when they become effective. The following new standards, amendments and interpretations that have not been early adopted in the financial statements do not have a material effect on the Company's future results of operations and financial position.

- IFRS 16, Leases, which replaces IAS 17 Leases. The objective of the new standard requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. This standard is effective for years beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4 Prepaid expense and deposits

The prepaid expenses for the Company are comprised of the following:

	2018 $	2017 $
Insurance	10,576	12,271
Vendor prepayments	2,397	-
	12,973	12,271

5 Receivables

The Company's receivables arise from a goods and service tax receivable which are due from Canadian government taxation authorities.

(expressed in Canadian dollars)

6 Reclamation Bonds

The Company has posted bonds with the B.C. Ministry of Finance as security towards future site restoration work which will be released to the Company upon satisfactory completion of that work. The bonds were posted in relation to the following properties and amounts:

	2018 $	**2017** $
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	10,000	10,000
Gold Hill	16,000	-
	82,000	66,000

7 Property and equipment

	Leasehold Improvements $	**Plant and Equipment** $	**Total** $
Cost -			
As at December 31, 2016	46,006	443,586	489,592
Additions	-	-	-
As at December 31, 2017	46,006	443,586	489,592
Additions	-	-	-
As at December 31, 2018	46,006	443,586	489,592
Accumulated depreciation -			
As at December 31, 2016	(46,006)	(410,729)	(456,735)
Additions	-	(9,266)	(9,266)
As at December 31, 2017	(46,006)	(419,995)	(466,001)
Additions	-	(6,605)	(6,605)
As at December 31, 2018	-	(426,600)	(472,606)
Net carrying amounts -			
As at December 31, 2017	-	23,591	23,591
As at December 31, 2018	-	16,986	16,986

(expressed in Canadian dollars)

8 Marketable securities

As at December 31, 2018, the Company holds 74,499 (2017 – 684,999) common shares of Tudor Gold Corp ("Tudor Shares").

The Tudor Shares fair value had decreased to $0.24 per share at December 31, 2018 from $0.43 per share at December 31, 2017. Management determined the shares were impaired in 2017, and therefore the Company wrote the marketable securities down to $294,550 with an impairment loss of $513,749 of which $363,049 of this amount was a reclassification adjustment for unrealized losses included in AOCI into comprehensive loss.

During the year ended December 31, 2018, the Company sold 610,500 Tudor Shares for total net proceeds of $223,732 resulting in a loss on disposal of $38,783 (2017 –$385,138) in addition $14,155 of unrealized losses were recorded in the statement of loss and comprehensive loss.

(expressed in Canadian dollars)

9 Exploration and evaluation assets

As at December 31, 2018, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada $	**Treaty Creek, B.C., Canada $**	**Gold Hill, B.C., Canada $**	**Dunwell, B.C., Canada $**	**Ample Goldmax, B.C., Canada $**	**Other Properties, B.C. Canada $**	**Total $**
Acquisition costs – December 31, 2017	482,185	119,944	**542,000**	542,000	40,500	59,000119,944	1,579,729
Additions	-	-	-	-	-	-	-
Acquisition costs – December 31, 2018	482,185	119,944	336,100	542,000	40,500	59,000	1,579,729
Exploration costs – December 31, 2017	640,046	260,701	81,05527,985	24,347	8,021	15,479	1,029,649
Additions	-	-	367,648	1,819	12,408	-	381,875
Exploration costs – December 31, 2018	640,046	260,701	448,703	26,166	20,429	15,479	1,411,524
Other items during the year ended December 31, 2018:							
Proceeds on option to purchase - cash	(50,000)	-	-	-	-	-	(50,000)
Total December 31, 2018	1,072,231	380,645	784,803	568,166	60,929	74,479	2,941,253

(expressed in Canadian dollars)

As at December 31, 2017, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada $	Treaty Creek, B.C., Canada $	Gold Hill, B.C., Canada $	Dunwell, B.C., Canada $	Ample Goldmax, B.C., Canada $	Other Properties, B.C. Canada $	Total $
Acquisition costs – December 31, 2016	2,211,402	1,114,250	**542,000**	542,000	9,500	300,4001,114, 250	4,513,652
Additions	-		-		31,000	49,750	80,750
Acquisition costs – December 31, 2017	2,211,402	1,114,250	336,100	542,000	40,500	350,150	4,594,402
Exploration costs – December 31, 2016	5,132,660,198	95,347	66,76348,282	412	8,021	25,077	11,627,241
Additions	2,231	-	14,292	23,935	-	1,895	42,353
Exploration costs – December 31, 2017	5,130,429	6,398,770	81,055	24,347	8,021	26,972	11,669,594
Other items during the year ended December 31, 2016:							
Proceeds on sale of percentage of ownership - cash	(493,999)	-	-	-	-	-	(493,999)
Proceeds on sale of percentage of ownership -shares	(1,180,000)	(583,999)	-	-	-	-	(1,763,999)
Impairment	(4,545,601)	(6,548,376)	-	-	-	(285,857)	(11,379,834)
Other items December 31, 2016	(6,219,600)	(7,132,375)	-	-	-	(285,857)	(13,637,832)
Other items during the year ended December 31, 2017							
Impairment	-	-	-	-	-	(16,786)	(16,786)
Other items year ended December 31, 2017:	(6,219,600)	(7,132,375)	-	-	-	(302,643)	(13,654,618)
Total December 31, 2017	1,122,231	380,645	417,155	566,347	48,521	74,479	2,609,378

(expressed in Canadian dollars)

Electrum Property, British Columbia, Canada

The Electrum property is located north of Stewart, British Columbia. The claims were acquired via an option agreement which all terms and conditions have been completed through total cash payments of $210,000 and 2,500,000 common shares issued with fair value ranging from $0.12 to $0.75 per share. This property is subject to a 2% Net Smelter Royalty ("NSR"). The Company may purchase the 2% NSR at any time for $1,000,000. In 2016, the Company recorded an impairment on the value of the Electrum property in the amount of $4,545,601. The Company then disposed of a 60% interest in the property for net cash proceeds of $493,999 and 1,000,000 common shares of the purchaser with a fair value of $1.18 under the terms of a joint venture agreement (note 8). The Company maintains a 40% interest in the property and for 2017 incurred $2,231 in exploration costs.

On June 29, 2018, the Company entered into an option agreement, whereby it has granted the optionee an exclusive option to acquire the remaining 40% interest in the Electrum property in exchange for a non-refundable cash payment of $50,000 (received), and a payment made by the optionee of $2,650,000. The option expired unexercised on April 15, 2019.

Treaty Creek Property, British Columbia, Canada

The Treaty Creek property is located northeast of Stewart, British Columbia. In 2009, the Company completed the requirements as set out in the option agreement to earn a 51% interest in the property by issuing 100,000 common shares with a fair value ranging from of $0.23 to $0.24 per share and by incurring the balance of aggregate exploration expenditures in excess of $5,000,000. Each of the claims that make up the property is subject to either a 1% or 2% NSR royalty on the Company's ownership interest only. The Company has the option to purchase the royalty interests for $1,500,000 with the exception of 0.5% which can not be purchased and will remain on the claims. In 2016, an impairment of $6,548,376 on the value of the Treaty Creek property was recorded. The Company then disposed of 31% of its 51% interest in the property for 500,000 common shares of the purchaser with a fair value of $1.18. The Company had to transfer 25% of the 500,000 common shares of the purchaser to the NSR holders. The Company maintains a 20% interest in the property and is not obligated to contribute towards costs until a production notice is given by the operator of the property. No exploration costs were incurred by the Company during the current or previous year.

Gold Hill Property, British Columbia, Canada

The Gold Hill property is located near Fort Steele, British Columbia and was purchased on March 9, 2015 along with the D-1 McBride property. Consideration paid for the Gold Hill property consisted of 3,734,444 shares issued to the vendor and 373,444 shares issued as an arms-length finder's fee with a fair value of $0.09 per share. Exploration costs in the amount of $367,648 (2017 - $14,292) were incurred during the year.

(expressed in Canadian dollars)

Dunwell Property, British Columbia, Canada

The Dunwell property is a combination of three acquired properties and is located near Stewart, British Columbia. The first of the three properties, the Silvershot property was acquired through staking in the amount of $412. The second property, the Dunwell property, was purchased through the acquisition of a private company which holds 100% interest in the property by issuing 7,000,000 shares for fair value of $490,000. The third property, the Bear River property, was purchased by issuing 800,000 shares with fair value of $52,000. Exploration costs in the amount of $1,819 (2017 - $23,935) were incurred during the year.

Ample Goldmax Property, British Columbia, Canada

In 2016, the Company entered into an option agreement to acquire a 100% interest in the Ample Goldmax property located near Lillooet, British Columbia (note 18). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement. 2017 acquisition costs included cash option payments of $17,000 and the issuance of 200,000 common shares with a fair value of $14,000 (note 12). 2016 acquisition costs included the issuance of 100,000 common shares with a fair value of $9,500. Exploration costs in the amount of $12,408 (2017 - $Nil) were incurred during the year.

Other Properties, British Columbia, Canada

The Slippery Willow property is located adjacent to the Company's Electrum property. The property was purchased on February 9, 2007. The consideration paid consisted of $25,000 in cash and the issuance of 120,000 of the Company's common shares with a fair value of $1.72 per share. In 2016, the Company recorded an impairment on the property of $234,842 and disposed of 60% of the property under the terms of the Electrum joint venture agreement and still maintains a 40% interest in the property.

The D-1 McBride property is located near Dease Lake, British Columbia and was purchased in 2015 along with the Gold Hill property. Consideration paid for the D-1 McBride property consisted of 165,556 shares issued to the vendor and 16,556 shares issued as an arms-length finders-fee with a fair value of $0.09 per share. The property was expanded in 2016 by staking additional claims for a cost of $1,016. The Company recorded an impairment on the property of $51,015 during 2016. During the year ended December 31, 2017, three of the five D-1 McBride claims held lapsed and in 2018, the remained claims were allowed to lapse.

In 2016, the Company entered into option agreements to acquire a 100% interest in the Silverside Property located near Clearwater, British Columbia, the Red Tusk Property located near Squamish, British Columbia and the Glitter King Property located on Pitt Island, British Columbia. 2017 combined acquisition costs include cash option payments of $37,500 and the issuance of 175,000 common shares with a fair value of $12,250 (note 12). 2016 combined acquisition costs included the issuance of 200,000 common shares with a fair value of $19,000. Each of the claims are subject to a 3% NSR royalty interest that can be purchased for $500,000 for each 1% interest purchased. Exploration costs in the amount of $Nil (2017 - $31,140) were incurred during the year (note 18).

(expressed in Canadian dollars)

During the year ended December 31, 2017, the Company abandoned the option agreement related to the Red Tusk Property resulting in an impairment charge of $16,786 to fully write-off capitalized costs related to this property.

The Austruck-Bonanza property is located near Kamloops, British Columbia. In 2010, the value of the property was considered impaired and all acquisition and exploration costs were written off. In 2017, further exploration costs in the amount of $Nil (2017 - $1,895) were incurred and capitalized.

10 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities for the Company are comprised of the following:

	2018 **$**	**2017** **$**
Trade payables (note 14)	760,351	619,290
Accrued liabilities	18,000	22,768
	778,351	**642,058**

11 Long-term debt

	2018 **$**	**2017** **$**
Arms-Length loan for leasehold improvements, bearing interest at 8% per annum and repayable in monthly instalments, including principal and interest of $400 until September 1, 2030.	36,942	38,811
Less: Current portion	(1,869)	(1,869)
	35,073	36,942

Principal repayments are as follows for the next 5 years and thereafter:

	$
2019	1,869
2020	2,179
2021	2,354
2022	2,743
2023	2,745
Thereafter	25,052

(expressed in Canadian dollars)

12 Share capital and reserves

Share capital

a) Authorized

Unlimited number of common shares; and
Unlimited number of preferred shares.

b) Issued and outstanding

Share issuances

During the year ended December 31, 2018, the Company:

i) Completed a non-brokered private placement offering of 6,000,000 units at a price of $0.05 per unit for gross proceeds of $300,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the Offering at a price of $0.08 per share.

ii) Completed a non-brokered private placement offering of 6,000,000 units at a price of $0.05 per unit for gross proceeds of $300,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the Offering at a price of $0.06 per share.

iii) Issued 118,125 common shares with a fair value of $4,725 under a shares for services agreement related to advertising and promotion for the Company.

iv) Issued 118,125 common shares with a fair value of $5,906 under a shares for services agreement related to advertising and promotion for the Company.

During the year ended December 31, 2017, the Company:

i) Completed a non-brokered private placement offering of 12,500,000 units at a price of $0.05 per unit for gross proceeds of $625,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the Offering at a price of $0.08 per share. The warrants are subject to an acceleration provision which provides that in the event that the market closing price of the Company's shares exceeds $0.12 for 20 consecutive trading days, the Company may within 5 days after such an event, provide notice to the warrant holders of early expiry and thereafter, the warrants will expire on the date which is 15 days after the date of the notice to the warrant holders.

(expressed in Canadian dollars)

ii) Company settled debt in the amount of $300,000 by issuing an arms-length creditor 5,000,000 common shares. The fair value of the common shares was determined to be $0.05 per share. Gain on shares issued to settle payables of $50,000 was recognized related to this debt settlement.

iii) Company settled debt in the amount of $354,576 by issuing an arms-length creditor 6,566,217 common shares. The fair value of the common shares was determined to be $0.05 per share. Gain on shares issued to settle payables of $26,265 was recognized related to this debt settlement.

iv) Issued 455,000 common shares with a fair value of $24,937 under a shares for services agreement related to advertising and promotion for the Company.

v) Completed a non-brokered private placement offering of 5,000,000 units at a price of $0.05 per unit for gross proceeds of $250,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of $0.08 per share. The warrants are subject to an acceleration provision which provides that in the event that the market closing price of the Company's shares exceeds $0.12 for 20 consecutive trading days, the Company may within 5 days after such an event, provide notice to the warrant holders of early expiry and thereafter, the warrants will expire on the date which is 15 days after the date of the notice to the warrant holders.

Issued 375,000 common shares with a fair value of $26,250 towards exploration assets acquisition costs (note 9).

c) Stock options and warrants

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant.

(expressed in Canadian dollars)

Stock options transactions and the number of stock options outstanding are summarized as follows:

	Number of options	Weighted average exercise price $
Balance – December 31, 2016	51,740,000	0.08
Options granted	3,100,000	0.05
Balance – December 31, 2017	80,710,000	0.07
Options granted	600,000	0.05
Options expired	(3,350,000)	0.10
Balance – December 31, 2018	23,120,000	0.07
Number of options currently exercisable	23,120,000	0.07

The following incentives stock options were outstanding and exercisable as at December 31, 2018:

Expiry Date	Exercise Price $	Number Outstanding
March 20, 2022	0.10	2,900,000
March 10, 2025	0.10	3,570,000
April, 24, 2025	0.10	480,000
March 2, 2026	0.05	7,700,000
May 19, 2026	0.08	2,870,000
November 2, 2026	0.07	1,900,000
May 29, 2027	0.05	1,900,000
July 18, 2027	0.05	1,200,000
February 5, 2028	0.05	600,000
		23,120,000
Weighted average remaining contractual life (years)		6.79

(expressed in Canadian dollars)

During the year ended December 31, 2018, the Company:

i) Granted 600,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05.

The fair value of the common share purchase options was determined to be $29,704 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 161% volatility, a risk free interest rate of 2.32%, and a term of 10 years.

During the year ended December 31, 2017, the Company:

i) Granted 1,900,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05.

The fair value of the common share purchase options was determined to be $74,938 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 157% volatility, a risk free interest rate of 0.70%, and a term of 10 years.

ii) Granted 1,200,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05.

The fair value of the common share purchase options was determined to be $59,342 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 2.10%, and a term of 10 years.

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	**Weighted average exercise price $**
Balance – December 31, 2016	19,960,000	0.10
Warrants granted	17,500,000	0.08
Warrants expired	(3,760,000)	0.10
Balance – December 31, 2017	33,700,000	0.09
Warrants granted	12,000,000	0.07
Balance – December 31, 2018	45,700,000	0.08

(expressed in Canadian dollars)

The following warrants to acquire common shares were outstanding at December 31, 2018:

Expiry Date	**Exercise Price $**	**Number Outstanding**
March 7, 2019	0.08	5,000,000
March 17, 2019	0.08	2,000,000
April 12, 2019	0.10	1,200,000
April 22, 2019	0.10	8,000,000
June 1, 2019	0.08	12,500,000
October 11, 2019	0.08	5,000,000
February 14, 2020	0.08	6,000,000
October 11, 2019	0.06	6,000,000
		45,700,000
Weighted average remaining contractual life (years)		0.69

The following warrants to acquire common shares were issued during the year ended December 31, 2018:

i) The Company issued 6,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of $0.08.

The relative fair value of the common share purchase warrants was determined to be $114,917 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 144% volatility, a risk free interest rate of 1.82% and a term of 24 months.

ii) The Company issued 6,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of $0.06.

The relative fair value of the common share purchase warrants was determined to be $111,162 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 173% volatility, a risk free interest rate of 2.24% and a term of 24 months.

The following warrants to acquire common shares were issued during the year ended December 31, 2017:

i) The Company issued 12,500,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of $0.08.

The relative fair value of the common share purchase warrants was determined to be $213,798 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 161% volatility, a risk free interest rate of 0.70% and a term of 24 months.

(expressed in Canadian dollars)

ii) The Company issued 5,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the issuance at a price of $0.08.

The relative fair value of the common share purchase warrants was determined to be $54,160 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 154% volatility, a risk free interest rate of 1.55% and a term of 24 months.

During the year ended December 31, 2018, the Company extended the term of 8,200,000 common share purchase warrants by 12 months. These warrants were issued pursuant to private placements and the new expiry dates are March 7, 2019 for 5,000,000 common share purchase warrants, March 17, 2019 for 2,000,000 common share purchase warrants and April 12, 2019 for 1,200,000 common share purchase warrants. No additional compensation was recognized related to this extension.

During the year ended December 31, 2017, the Company extended the term of 8,000,000 common share purchase warrants by 24 months resulting in an expiry date of April 22, 2019. No additional compensation was recognized related to this extension.

Reserves

The share-based payment reserve includes stock-based compensation expense related to fair value of stock options granted and also the fair value of warrants issued for services. The warrant reserve includes the relative fair value of attachable warrants issued as a part of units in conjunction with private placements of common shares. The gross proceeds of private placements is allocated between share capital and the warrant reserve using the relative fair value method which allocates a pro-rata amount based on the fair value of the common shares and the warrants issued. The investment revaluation reserve includes unrealized gains and losses on marketable securities which is reclassified to comprehensive loss on disposal or impairment of the securities.

(expressed in Canadian dollars)

13 Supplemental disclosures with respect to cash flows

Supplementary disclosure of non-cash investing and financing activities during the year ended December 31:

	2018 $	2017 $
Exploration and evaluation assets expenditures in accounts payable	2,800	4,660
Shares issued for acquisition of exploration and evaluation assets	-	26,250
Shares issued for settlement of debt	10,631	603,248
	13,431	634,158

14 Related party transactions

Included in accounts payable and accrued liabilities is $195,279 (2017 – $111,164) due to companies controlled by officers of the Company. These amounts due to related parties are unsecured, bear interest at comparable market rates, and have no specific terms of repayment.

During the year ended December 31, 2018, the Company incurred the following related party transactions:

a) Incurred fees in the amount of $194,838 (2017– $247,072) to a company controlled by the Company's Chief Executive Officer.

b) Incurred fees in the amount of $84,500 (2017– $69,000) to a company controlled by the Company's Chief Financial Officer.

For the year ended December 31, 2018, the total remuneration of key management personnel was $279,338 (2017 - $316,072) of management fees, $287,539 (2017 - $nil) of capitalized exploration expenditures and $27,229 (2017 - $110,585) of stock-based compensation.

15 Financial Instruments

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

(expressed in Canadian dollars)

As at December 31, 2018, the Company's financial instruments are comprised of cash, receivables, reclamation bonds, accounts payable and long term debt. The carrying value of cash, accounts payable and reclamation bonds and long term debt approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, receivables and reclamation bonds.

The Company's cash is held through a Canadian chartered bank which is high-credit quality financial institution. The Company's receivables primarily consist of harmonized sales tax rebates due from the Government of Canada which are all current. The Company believes credit risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 8, the Company had a cash balance of $49,719 and short-term receivables of $21,261 to settle current liabilities of $778,351. The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. Since inception, the Company has financed its cash requirements primarily through issuance of common shares. 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. In certain circumstances extended credit arrangements have been negotiated with vendors. All arrangements negotiated are on terms less than one year. See note 1 for further discussion on going concern and its impact on liquidity. The Company believes liquidity risk to be high.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

The Company's current policy is to hold deposits in highly rated banking institutions. Interest on short and long-term debt arrangements are fixed and are specifically disclosed. Interest earned is negligible and therefore interest rate risk is low.

(expressed in Canadian dollars)

b) Foreign currency rate risk

The Company is domiciled in Canada and its capital is raised in Canadian dollars and does not conduct regular business in any foreign country. Therefore, foreign currency rate risk is considered low.

16 Capital management

The Company's working capital deficit as at December 31, 2018 was $678,387 (2017 – $302,232). The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

The Company manages its cash and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities or further discussed in note 1 going concern. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

17 Segmented information

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada.

18 Commitments

Amended NSR Agreement

On April 13, 2016, the Company issued 15,000,000 common shares at $0.06 per share under an amended agreement with arms length third parties that hold a NSR related to the Company's interest in the Treaty Creek property located in NW British Columbia (note 9). The amended agreement reduces the prior $6 million payment obligation which was potentially triggered if the Company reduced its 51% interest in the property, or granted access for development and tunnel construction.

(expressed in Canadian dollars)

Additional terms of the amended agreement include:

a) The NSR holders will hold a 2% NSR on certain Treaty Creek property mineral tenures ("Group I") and a 1% NSR on the remaining Treaty Creek mineral tenures ("Group II"). The NSR interests apply only to the Company's interest in the Treaty Creek property. Within 30 days of a Treaty Creek property feasibility study being completed, the NSR holders will be paid an aggregate sum of $1,500,000 in order for the Company to collectively buy out 0.75% of the Group I NSR and 0.25% of the Group II NSR. At any time the Company may buy out a further 0.75% of the Group I and 0.25% of the Group II NSR for the aggregate sum of $1,500,000. The NSR holders will retain a 0.5% NSR on the Group I and Group II mineral tenures.

b) The NSR holders were entitled to 25% of any cash payments or securities the Company received related to the Company entering into an agreement with a third party to advance the Treaty Creek project such that it disposes directly or indirectly of any of its interest in the Treaty Creek property. During the year ended December 31, 2016, the Company disposed 31% of its 51% interest for 500,000 common shares of the purchaser, and as such had to transfer 125,000 of those common shares to NSR holders fulfilling this obligation under the agreement (note 9).

c) The Company will pay the NSR holders 25% of any consideration the Company may receive from any non-governmental party for access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose, or fees for the use of the Company's own infrastructure facilities.

d) The Company will pay the NSR holders 25% of any compensation proceeds the Company may receive from any governmental or quasi-governmental agency for the loss of any rights resulting from the expropriation of access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose.

Mineral Property Acquisitions

During the year ended December 31, 2016, the Company entered into four option agreements to acquire a 100% interest in the Ample Goldmax Property, the Glitter King Property, the Silverside Property and the Red Tusk Property. The terms of each of the agreements are as follows:

Ample Goldmax Property
$7,000 cash payment within 5 business days of TSX-V approval (paid) and issuance of 100,000 common shares within 10 business days of TSX-V approval (issued with a fair value of $9,500) (note 9);

Year 1 - $10,000 cash payment (paid), 200,000 common shares issued to the optionor (issued with a fair value of $14,000) (note 9) and $15,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - $15,000 cash payment, 250,000 common shares issued to the optionor and $25,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

(expressed in Canadian dollars)

Year 3 - $30,000 cash payment, 300,000 common shares issued to the optionor and $75,000 in exploration work conducted on the property prior to the three year anniversary of the agreement; and

Year 4 - $100,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

The optionor will also retain a 25% bulk sample royalty on any net profits the Company receives from the extraction of a bulk sample as well as a 3% NSR Royalty which can be bought out anytime for $500,000 for each 1% purchased.

Glitter King Property
$7,500 cash payment within 30 business days of TSX-V approval (paid) and issuance of 100,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of $9,500) (note 9);

Year 1 - $10,00 cash payment (paid), 100,000 common shares issued to the optionor (issued with a fair value of $7,000) (note 9) and a minimum of $10,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - $20,000 cash payment, 150,000 common shares issued to the optionor and $20,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

Year 3 - $30,000 cash payment, 200,000 common shares issued to the optionor and $25,000 in exploration work conducted on the property prior to the three year anniversary of the agreement; and

Year 4 - $35,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

The optionor will also retain a 3% NSR Royalty which can be bought out anytime for $500,000 for each 1% purchased.

Silverside Property
$5,000 cash payment within 30 business days of TSX-V approval (paid) and issuance of 50,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of $4,750) (note 9);

Year 1 - $10,000 cash payment (paid), 75,000 common shares issued to the optionor (issued with a fair value of $5,250) (note 9) and a minimum of $5,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - $20,000 cash payment, 100,000 common shares issued to the optionor and $10,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

Year 3 - $30,000 cash payment, 150,000 common shares issued to the optionor and $30,000 in exploration work conducted on the property prior to the three year anniversary of the agreement; and

(expressed in Canadian dollars)

Year 4 - $50,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

The optionor will also retain a 3% NSR Royalty which can be bought out anytime for $500,000 for each 1% purchased.

Red Tusk Property
The option agreement related to the Red Tusk Property was terminated during the year ended December 31, 2017.

All cash payments, share payments and work commitment amounts in each of the agreements may be accelerated at the Company's discretion. Though some of the agreements above are in default, the vendor has agreed to hold the agreement in place pending further negotiation of the terms.

19 Income taxes

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate to the income for the year, and is reconciled as follows:

	2018 $	2017 $
Loss before income taxes	(664,112)	(1,583,699)
Statutory rate	27.00%	27.00%
Anticipated income tax recovery at the combined basic federal and provincial tax rate	(179,310)	(427,599)
Increases resulting from		
Adjustments arising from prior year tax filings	(571,139)	(226,701)
Change in tax rate	-	(159,483)
Effect of items not deductible for tax purposes	16,558	192,137
Unrecognized tax asset	733,891	621,646
Total income tax recovery	-	-

(expressed in Canadian dollars)

The components of the deferred income tax balance are as follows:

	2018 $	2017 $
Non-capital loss carry forwards	5,433,884	5,169,624
Exploration and evaluation assets	1,751,495	1,056,469
Equipment	470,550	468,767
Marketable securities	9,454	69,356
Cumulative eligible capital	-	182,250
Net-capital loss carry forwards	67,049	51,994
Share issue costs	7,763	7,844
	7,740,194	7,006,304
Less: Deferred tax asset not recorded	(7,740,194)	(7,006,304)
	-	-

The Company has not recorded its deferred income tax asset because of its history of net operating losses since inception.

The Company has incurred losses of $20,125,496 for tax purposes which are available to reduce future taxable income. The losses will expire as follows:

	$
2026	1,773,348
2027	2,803,443
2028	1,626,710
2029	1,366,782
2030	1,432,208
2031	1,295,971
2032	2,292,304
2033	2,887,582
2034	1,323,849
2035	1,022,631
2036	645,667
2037	536,013
2038	1,118,988
	20,125,49616,6 97,147

The Company also has Canadian exploration expenditures and Canadian development expenditures, available to reduce future years' taxable income, in the amount of $6,487,018, which has no expiry date.

(expressed in Canadian dollars)

20 Subsequent events

Stock Options

On January 16, 2018, the Company granted 4,500,000 options to directors and officers at $0.05 per share expiring on January 17, 2029.

Share Issuance

On January 15, 2019, the Company completed a private placement offering of 2,000,000 units at $0.05 per unit for gross proceeds of $100,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of $0.06 per share.

On January 16, 2019, the Company issued 3,291,441 common shares to a non-arms length contractor at a price of $0.05 per share in a share for debt arrangement. The debt had a carrying value of $164,527.

On March 22, 2019, the Company closed a private placement offering of 3,200,000 units at $0.05 per unit for gross proceeds of $160,000 if fully subscribed. Each unit will consist of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of $0.06 per share.