TRIUMPH GOLD CORP.

(An Exploration Stage Corporation)

Consolidated Financial Statements
December 31, 2017 and 2016

(Expressed in Canadian dollars)

Crowe MacKay™

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Independent Auditor's Report

To the Shareholders of
Triumph Gold Corp.

We have audited the accompanying consolidated financial statements of Triumph Gold Corp. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 consolidated 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 audits 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 Triumph Gold Corp. and its subsidiary as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Triumph Gold Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
April 27, 2018

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**December 31, 2017**	**December 31, 2016**
	$	**$**
ASSETS		
Current assets		
Cash and cash equivalents	2,894,602	1,327,230
Trade and other receivables	13,289	32,864
Prepayments and deposits	182,020	192,096
	3,089,911	1,552,190
Non-current assets		
Prepayments and deposits	-	97,000
Property and equipment (note 4)	16,243	12,812
Investments in equities (note 5)	1	1
Exploration and evaluation assets (note 6)	3,023,403	2,968,508
	3,039,647	3,078,321
Total assets	6,129,558	4,630,511
LIABILITIES		
Current liabilities		
Trade and other payables (note 9)	163,262	104,744
Deferred premium on flow-through shares (note 7)	145,500	-
	308,762	104,744
Non-current liabilities		
Reclamation provision	25,000	25,000
Total liabilities	333,762	129,744
SHAREHOLDERS' EQUITY		
Share capital (note 7)	55,607,365	49,417,652
Reserve (note 7)	4,875,178	3,792,589
Deficit	(54,686,747)	(48,709,474)
	5,795,796	4,500,767
Total shareholders' equity and liabilities	6,129,558	4,630,511

Nature and continuance of operations (note 1)
Commitments and contingencies (note 8)

Approved on behalf of the board:

"John Anderson"	" Paul Reynolds "
John Anderson	Paul Reynolds
Director	President and CEO

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended	December 31, 2017	December 31, 2016
	$	$
Expenses		
Administrative expenses	191,387	113,006
Corporate communications	762,005	243,163
Depreciation	9,088	10,843
Exploration expenditures (note 6)	3,598,221	311,151
Listing and filing fees	17,836	16,815
Professional fees (note 9)	143,418	77,439
Share-based payments (note 7)	1,082,589	-
Wages and salaries (note 9)	405,040	155,529
	(6,209,584)	(927,946)
Other items		
Interest and other income	39,344	380
Flow-through share premium reversal (note 7)	187,140	-
Write-down of exploration and evaluation assets (note 6)	-	(1)
Write-off property and equipment (note 4)	-	(20,316)
Loss on wind up of subsidiaries	-	(6,699)
Recovery (write-off) of prepayments and deposits	5,827	(9,017)
Total other items	232,311	(35,653)
Net and comprehensive loss for the year	(5,977,273)	(963,599)
Loss per share - basic and diluted	**($0.10)**	**($0.03)**
Weighted average number of shares outstanding - basic and diluted	**58,440,082**	**37,600,993**

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, December 31, 2015	28,992,103	47,025,993	3,792,589	(47,745,875)	3,072,707
Shares issuance (note 7)	17,155,734	2,379,294	-	-	2,379,294
Share issue costs (note 7)	-	(68,635)	-	-	(68,635)
Warrants exercised (note 7)	900,000	81,000	-	-	81,000
Loss for the year	-	-	-	(963,599)	(963,599)
Balance, December 31, 2016	47,047,837	49,417,652	3,792,589	(48,709,474)	4,500,767
Shares issuance (note 7)	11,880,000	6,272,640	-	-	6,272,640
Share issue costs (note 7)	-	(43,357)	-	-	(43,357)
Flow-through share premium (note 7)	-	(332,640)	-	-	(332,640)
Warrants exercised (note 7)	3,139,700	293,070	-	-	293,070
Share-based payments (note 7)	-	-	1,082,589	-	1,082,589
Loss for the year	-	-	-	(5,977,273)	(5,977,273)
Balance, December 31, 2017	62,067,537	55,607,365	4,875,178	(54,686,747)	5,795,796

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended	**December 31, 2017**	**December 31, 2016**
	$	**$**
Cash flows from operating activities		
Loss for the year	(5,977,273)	(963,599)
Items not involving cash		
Flow-through share premium reversal	(187,140)	-
Depreciation	9,088	10,843
Share-based payments	1,082,589	-
Write-off of property and equipment	-	20,316
Write-down of exploration and evaluation assets	-	1
Write-off of prepayments and deposits	-	9,017
	(5,072,736)	(923,422)
Change in non-cash working capital		
Trade and other receivables	19,575	36,858
Prepayments and deposits	107,076	(272,216)
Trade and other payables	58,518	10,515
	(4,887,567)	(1,148,265)
Cash flows from investing activities		
Acquisition of property and equipment	(12,519)	-
Acquisition of exploration and evaluation assets	(54,895)	-
	(67,414)	-
Cash flows from financing activities		
Proceeds on issuance of common shares, net	6,229,283	2,310,659
Exercise of warrants	293,070	81,000
	6,522,353	2,391,659
Increase in cash and cash equivalents	1,567,372	1,243,394
Cash and cash equivalents, beginning of the year	1,327,230	83,836
Cash and cash equivalents, end of the year	2,894,602	1,327,230
Cash and cash equivalents consist of:		
Cash	132,719	1,263,430
Term deposit	2,761,883	63,800
	2,894,602	1,327,230

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Triumph Gold Corp. (formerly Northern Freegold Resources Ltd., the "Company") was incorporated under the Alberta Business Corporations Act on January 13, 2006 and was extra-provincially registered in British Columbia and the Yukon Territory. On January 24, 2017, the Company changed its name to Triumph Gold Corp. The Company is listed on the TSX Venture Exchange ("TSXV"), having the symbol "TIG". The Company's principal business activity is the exploration for mineral resources, primarily in the Yukon Territory, Canada.

The Company's corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada.

The consolidated financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there always exists uncertainty that causes significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. BASIS OF PREPARATION

Statement of compliance

These audited consolidated financial statements for the Company for the years ended December 31, 2017 and 2016 are prepared in accordance with the International Financial Reporting Standards (IFRS) which are issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2018.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") and available-for-sale which are stated at their fair value.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant accounting estimates

a. The inputs used in accounting for share-based payments in profit or loss;
b. The estimated carrying value and impairment amount of each mineral property, determined by the recoverable amount of the asset;
c. The tax basis of assets and liabilities and related deferred income tax assets and liabilities; and
d. Amounts of provisions for environmental rehabilitation and restoration.

Significant accounting judgments

a. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operation expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under circumstances;
b. The assessment of indications of impairment of each mineral property;
c. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management; and
d. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Bushmaster Exploration Services (2007) Ltd., Northern Freegold (USA) Inc. and Northern Freegold (USA) LLLP. As of December 31, 2016, the Company wound up Northern Freegold (USA) Inc. and Northern Freegold (USA) LLLP. All significant intercompany transactions and balances have been eliminated upon consolidation. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting dates of the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Exploration and evaluation assets ("E&E")

The Company's mineral interests comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts. All direct costs related to the acquisition of mineral interests are capitalized and classified as intangible assets. All other E&E costs incurred prior to a decision to proceed with development are charged to profit and loss as incurred. When a decision to proceed with development is made, development costs subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost.

Subsequent to entering production, acquisition costs and development expenditures are tested for impairment and then transferred to mineral interests within property and equipment. Mineral interests are classified as tangible assets and depreciated when such assets are put in use.

The Company assesses mineral interests for impairment when indicators of impairment are present. When a project is deemed to no longer have commercially viable prospects to the Company, mineral interests in respect of that project are deemed to be impaired. As a result, those mineral interests, in excess of estimated recoveries, are written off and recognized in profit and loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets ("E&E") (continued)

The Federal and Provincial taxation authorities provide Companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction to exploration expenditures in the period that the related expenditures are incurred. The accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the tax filing are amended.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item comprising property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded on a declining balance basis at the following annual rates, except in the year of acquisition when one-half of the rate is used:

Automotive	30%
Computer equipment	30%
Computer software	100%
Equipment	20%

An item comprising 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 disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for separately. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Reclamation obligations

The Company recognizes liabilities for statutory, constructive or legal obligations associated with the reclamation of exploration and evaluation assets, or property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company records the present value of the estimated costs of statutory, legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. Fair value 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. The impairment loss is recognized in profit or loss in the consolidated statement of comprehensive income/loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

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 a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the reporting date and the related translation differences are recognized in profit and loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into 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 share capital. Upon expenses being incurred, the Company derecognizes the liability and 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.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the period is disclosed separately as flow-through share proceeds, if any.

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 financing expense until qualifying expenditures are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

Earnings (loss) per common share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. As at December 31, 2017 there were 6,022,500 (2016 - 492,000) options and 21,841,781 (2016 - 24,981,481) warrants outstanding that were not included as their inclusion was anti- dilutive in nature.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in the reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The fair value of each option granted was calculated at the time of the grant by using the Black-Scholes option pricing model based on historical volatility. Where options expire unexercised no adjustment is made to reserve.

Financial instruments

<u>Financial Assets</u>

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company has classified its cash and cash equivalents as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets (continued)

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's investments in equities are classified as available-for-sale. The criteria for designating financial assets as available for sale are those not classified as held-for-trading, loans-and-receivables, or held-to-maturity.

Transactions costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment of financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. Fair value 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. The impairment loss is recognized in profit or loss in the consolidated statement of comprehensive income/loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities. Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in equities

Investments in equities are shares held of other publicly traded companies on the TSXV. These are designated as available-for-sale and are therefore recorded at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered impaired which are reclassified to profit or loss and deficit. The Company measures fair value at the quoted closing bid price on the last day of trading in the period. Any transactions are recorded at the trade date.

New or revised accounting standards not yet adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 - Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company expects no significant effect on the consolidated financial statements when adopted.

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of the standard.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

	Automotive	Computer Equipment	Computer Software	Equipment	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2015	107,242	136,680	110,756	139,905	494,583
Wind-up of subsidiary	-	(136,680)	-	(71,858)	(208,538)
Balance, December 31, 2016	107,242	-	110,756	68,047	286,045
Additions	-	12,519	-	-	12,519
Balance, September 30, 2017	107,242	12,519	110,756	68,047	298,564
Accumulated depreciation					
Balance, December 31, 2015	102,591	125,182	110,756	112,083	450,612
Depreciation	1,996	3,449	-	5,398	10,843
Wind-up of subsidiary	-	(128,631)	-	(59,591)	(188,222)
Balance, December 31, 2016	104,587	-	110,756	57,890	273,233
Depreciation	797	6,260	-	2,031	9,088
Balance, December 31, 2017	105,384	6,260	110,756	59,921	282,321
Net book value					
As at December 31, 2016	2,655	-	-	10,157	12,812
As at December 31, 2017	1,858	6,259	-	8,126	16,243

5. INVESTMENT IN EQUITIES

The Company holds securities that have been designated as available-for-sale as follows:

	Cost	Fair Market Value
	$	$
Balance, December 31, 2015, 2016 and 2017		
150,000 common shares of Dawson Gold Corp.	380,000	1

The shares of Dawson Gold Corp. ("Dawson") were halted on the TSXV. During the years ended December 31, 2017 and 2016, no trading occurred.

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at the financial statement date. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets and related expenditures comprise:

	Canada			USA	
	Freegold Mountain	Other	Andalusite Peak	Burro Creek	Total
	$	$	$	$	$
Exploration and Evaluation Assets					
Balance, December 31, 2015	2,968,507	1	-	1	2,968,509
Write-down	-	-	-	(1)	(1)
Balance, December 31, 2016	2,968,507	1	-	-	2,968,508
Additions	53,793	-	1,102	-	54,895
Balance, December 31, 2017	3,022,300	1	1,102	-	3,023,403
Current Exploration Expenditures					
Year ended December 31, 2016					
Administrative	2,582	-	-	2,850	5,432
Camp costs	25,991	-	-	-	25,991
Equipment and supplies	15,073	-	-	-	15,073
Geological costs	102,695	-	-	-	102,695
Transportation and storage	19,040	-	-	-	19,040
Travel and accomodation	6,217	-	-	-	6,217
Wages and labour costs	155,771	-	-	-	155,771
Exploration grant	(19,068)	-	-	-	(19,068)
Total	308,301	-	-	2,850	311,151
Year ended December 31, 2017					
Administrative	6,684	-	-	-	6,684
Assaying	218,577	660	569	-	219,806
Camp costs	397,958	3,450	-	-	401,408
Drilling	1,570,935	-	-	-	1,570,935
Equipment and supplies	289,454	1,230	1,000	-	291,684
Geological costs	183,142	-	-	-	183,142
Geophysical costs	850	-	-	-	850
Helicopter	7,942	7,629	3,562	-	19,133
Transportation and storage	75,775	1,018	1,320	-	78,113
Travel and accomodation	86,153	100	3,142	-	89,395
Wages and labour costs	730,427	4,780	8,251	-	743,458
Exploration grant	(6,387)	-	-	-	(6,387)
Total	3,561,510	18,867	17,844	-	3,598,221

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	Canada			USA	
	Freegold Mountain	Other	Andalusite Peak	Burro Creek	Total
	$	$	$	$	$
Cumulative Exploration Expenditures					
Administrative	668,241	-	-	99,413	767,654
Assaying	218,577	660	569	-	219,806
Camp costs	2,844,022	3,450	-	80,516	2,927,988
Drilling costs	13,904,918	-	-	543,221	14,448,139
Equipment and supplies	304,527	1,230	1,000	-	306,757
Geological costs	4,854,256	39,227	-	241,895	5,135,378
Geophysical costs	1,287,517	-	-	-	1,287,517
Helicopter	7,942	7,629	3,562	-	19,133
Transportation and storage	1,249,342	22,632	1,320	89,655	1,362,949
Travel and accomodation	640,756	100	3,142	36,114	680,112
Wages and labour costs	10,044,712	20,413	8,251	232,025	10,305,401
Exploration grant	(325,455)	-	-	-	(325,455)
Total	35,699,355	95,341	17,844	1,322,839	37,135,379

Freegold Mountain, Canada

The Freegold Mountain project is comprised of the following exploration properties:

(i) Tinta Hill Property, Yukon

The Company holds a 100% interest in the Tinta Hill Property subject to an annual advanced royalty payment of $20,000 and a 3% Net Smelter Return (“NSR”). The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. As at December 31, 2017, total advanced royalty payment made was $20,000 (2016 – $Nil).

Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

(ii) Freegold Property, Yukon

The Company holds a 100% interest in the Freegold Property subject to an annual advanced royalty payment of $ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production.

As at December 31, 2017, total advanced royalty payment made was $10,000 (2016 – $Nil).

Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Freegold Mountain, Canada (continued)

(iii) Goldstar Property, Yukon

The Company holds a 100% interest in the Goldstar Property subject to an advance payment of $ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after the commencement of commercial production. As at December 31, 2017, total advanced royalty payment made was $10,000 (2016 – $Nil).

Of the 3% NSR, the Company can elect to purchase 2% at a cost of $500,000 for the first 1% and $1,000,000 for the second 1%.

(iv) Golden Revenue Property, Yukon

The Company holds a 100% interest in the Golden Revenue Property subject to a 1% NSR in favour of ATAC Resources Ltd on that portion of the property which is not subject to an underlying royalty. There is a 2% underlying NSR on a portion of the property. A total of 75% of the underlying NSR (1.5% NSR) may be purchased at any time for $600,000.

Other, Canada

(i) Tad/Toro Property, Yukon

The Company holds a 100% interest in the Tad/Toro Property subject to a 3% NSR, of which the first 1% may be purchased for $500,000 and a second 1% for $1,000,000.

(ii) Severance Property, Yukon

The Company holds a 100% interest in the Severance Property subject to a 3% NSR, of which 2% may be purchased for $1,500,000.

Due to the limitation of cash resources in previous years, the Company has been unable to explore other Yukon properties to the full extent and has written down the value of the properties to $1.

Andalusite Peak, British Columbia, Canada

The Company staked the Andalusite Peak Property and holds a 100% interest.

Burro Creek, USA

During the year ended December 31, 2016 the Company relinquished its option on the Burro Creek Property, located in Arizona, and wrote-off acquisition costs of $1.

7. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Unlimited preferred shares the series rights and restrictions to be determined by the Board of Directors on issuance

Issued:

For the year ended December 31, 2017

On March 2, 2017, the Company completed a private placement financing of 11,880,000 flow-through shares at a price of $0.528 per share for gross proceeds of $6,272,640. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $332,640 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of $5,940,000. To December 31, 2017, the Company expended and renounced $3,528,918 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to $145,500, recognizing a flow-through share premium reversal of $187,140. Once the Company has incurred and renounced the remaining eligible exploration expenditures, the flow-through liability will be reduced accordingly. The Company incurred share issue costs of $43,357.

During the year ended December 31, 2017, 3,139,700 warrants were exercised for total proceeds of $293,070.

For the year ended December 31, 2016

On April 5, 2016, the Company completed a private placement by issuing 10,050,734 units at a price of $0.06 per unit for gross proceeds of $603,044. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into an additional common share at a price of $0.10 per share until April 5, 2019. The Company incurred share issue costs of $3,358.

On November 21, 2016, the Company completed a private placement by issuing 7,105,000 units at a price of $0.25 per unit for gross proceeds of $1,776,250. Each unit is comprised of one common share of the Company and one share purchase warrant of the Company. Each warrant is exercisable into an additional common share at a price of $0.35 per share. The warrants expire between November 9, 2020 and November 21, 2020. Finders' fees of $51,100 were paid in connection with the private placement. The Company also incurred additional share issue costs of $14,177.

During the year ended December 31, 2016, 900,000 warrants were exercised for total proceeds of $81,000.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Stock options:

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of outstanding stock options at December 31, 2017 is as follows:

Number of stock options outstanding	Exercise price	Expiry date	Number of stock options exercisable
	$		
157,500	1.00	August 16, 2018	157,500
5,540,000	0.40	July 30, 2022	1,385,000
325,000	0.40	December 20, 2022	325,000
6,022,500			1,867,500

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2015	895,500	1.00	1.50
Expired	(403,500)	(1.00)	
December 31, 2016	492,000	1.00	1.16
Cancelled	(315,500)	(0.76)	
Expired	(144,000)	(1.00)	
Granted	5,990,000	0.40	
December 31, 2017	6,022,500	0.42	4.50

On July 30, 2017, the Company granted 5,665,000 stock options to directors, officers and consultants, of which 125,000 were subsequently cancelled. The stock options are exercisable at $0.40 per share until July 30, 2022. These options vest at a rate of 25% at each of July 30, 2017, January 31, 2018, July 31, 2018 and January 31, 2019. The total fair value was estimated to be $1,626,737 using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.55% and an expected volatility of 98.52%. The vesting of these options resulted in a share-based compensation expense of $1,035,436 being recorded during the year ended December 31, 2017. The remaining compensation of $591,301 will be recorded over the vesting period of the stock options.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

On December 20, 2017, the Company granted 325,000 stock options to consultants. The stock options are exercisable at $0.40 per share until December 20, 2022. 300,000 of these options vest at a rate of 25% at each of June 20, 2018, December 20, 2018, and June 20, 2019. The total fair value of $47,153 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.80% and an expected volatility of 79.18%.

There were no stock options issued during the year ended December 31, 2016.

Warrants:

A summary of outstanding warrants at December 31, 2017 is as follows:

Number of warrants outstanding	Exercise price		Expiry date	Remaining life (years)
	$			
3,975,667	0.10	(1)	April 5, 2019	1.26
10,761,114	0.09	(2)	January 30, 2020	2.08
6,305,000	0.35		November 9, 2020	2.86
800,000	0.35		November 21, 2020	2.89
21,841,781				

(1) In the event that the Company's common shares trade at a 20-day volume-weighted average trading price of $0.25 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 50% of the warrants outstanding to 20 calendar days from the date of notice; and in the event that the Company's common shares trade at a 20-day volume-weighted average trading price of $0.40 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 100% of the warrants outstanding to 20 calendar days from the date of notice.

(2) In the event that the Company's common shares trade at a 10-day-volume-weighted-average trading price of $0.25 or greater on the TSXV at any given time six months after the closing date, the Company may accelerate the expiry date of the warrants outstanding by giving notice to the holders thereof, and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Warrants: (continued)

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2015	15,589,031	0.21	3.65
Granted	12,130,367	0.25	
Exercised	(900,000)	(0.09)	
Expired	(1,837,917)	(1.12)	
December 31, 2016	24,981,481	0.17	3.14
Exercised	(3,139,700)	(0.09)	
December 31, 2017	21,841,781	0.18	2.19

Reserve:

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

8. COMMITMENTS AND CONTINGENCIES

(i) As of December 31, 2017, the Company has $19,610 (2016 – $13,800) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company. The claims covered by such indemnifications are subject to statutory and other legal limitation periods.

(ii) Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2017, the Company received $6,272,640 from the issue of flow-through shares and renounced $3,528,918 in eligible expenditures. Such expenditures, as incurred, are not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at December 31, 2017 the Company is committed to expend the remaining $2,743,722 of the flow-through share proceeds from flow-through shares issued during the current year on future qualifying exploration expenditures.

9. RELATED PARTY TRANSACTIONS

The Company had the following transactions involving key management during the year ended December 31, 2017:

(i) A previous officer of the Company provided accounting services to the Company. Professional fees incurred during the year were $40,000 (2016 – $39,500). At December 31, 2017, this officer was owed $nil (2016 – $21,000).
(ii) An officer of the Company provides accounting services to the Company. Professional fees incurred during the year were $16,000 (2016 - $nil). At December 31, 2017, this officer was owed $4,200 (2016 - $nil).
(iii) Westview Consulting Ltd., a company controlled by the President and CEO of the Company, provided management and geological services during the year. Consulting fees incurred during the year were $120,000 (2016 – $82,000) and were recorded in wages and salaries. At December 31, 2017, this company was owed $10,500 (2016 – $27,469).
(iv) Purplefish Capital Limited, a company controlled by a director of the Company, provided consulting services to the Company. Consulting fees incurred during the year were $125,452 (2016 – $69,500) and were recorded in wages and salaries. At December 31, 2017, this company was owed $nil (2016 – $21,000).
(v) Wages and salaries of $358,136 (2016 – $50,350) were paid to a directors and officers of the Company.
(vi) OMC Services Ltd., a company controlled by a former officer of the Company, provided consulting services to the Company. Consulting fees incurred during the year were $550 (2016 –$2,475) and were recorded in wages and salaries
(vii) Directors of the Company were paid consulting fees of $77,500 (2016 – $Nil) and were recorded in wages and salaries. At December 31, 2017, the directors were owed $77,500 (2016 - $Nil).
(viii) Recorded $816,599 (2016 - $Nil) in share-based payments, for stock options granted and vested, to officers and directors of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment. Fair value cannot be readily determined.

10. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration of mineral properties. All of the Company's assets are located in Canada.

11. CAPITAL MANAGEMENT

The Company includes cash and cash equivalents and equity, comprising of issued common shares, reserve and deficit, in the definition 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, exploration and development 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.

11. CAPITAL MANAGEMENT (continued)

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. 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.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. The Company's maximum exposure to credit risk is the carrying amount of cash and cash equivalents on the consolidated statements of financial position.

Liquidity Risk – The Company's cash and cash equivalents are invested in business accounts with high-credit quality financial institutions and which is available on demand for the Company's programs. Future operations or exploration programs will require additional financing primarily through equity markets.

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

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and term deposits. Every 1% fluctuation in interest rates up or down would have an insignificant impact on profit orloss.

Foreign currency risk - The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk and has no financial instruments held in United Statesfunds. Therefore, foreign currency risk is minimized.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (continued)

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand. Price risk to which the Company is exposed include its investment in equities which is comprised of shares held in Dawson, which are designated as available-for-sale and listed on the TSXV. A $0.01 change in the quoted share price would change the fair value of the investments by approximately $1,500. The change would be recorded in accumulated other comprehensive income (loss).

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables, investments in equities and trade and other payables.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2017				
Assets:				
Cash and cash equivalents	2,894,602	-	-	2,894,602
Investment in equities	1	-	-	1
December 31, 2016				
Assets:				
Cash and cash equivalents	1,327,230	-	-	1,327,230
Investment in equities	1	-	-	1

(Expressed in Canadian dollars)

13. INCOME TAXES

As of December 31, 2017 and 2016, a reconciliation of the statutory tax rate to the average effective rate for the Company is as follows:

	2017	2016
	$	$
Loss before income tax	(5,977,273)	(963,599)
Statutory tax rate	26%	26%
Tax recovery at statutory rate	(1,554,091)	(250,536)
Non-deductible expenses	233,261	2,989
Renunciation of eligible expenditures	1,693,613	-
Effect of tax rate change	(431,083)	-
Difference in tax rates from foreign jurisdiction	-	1,177
Tax benefits unrecognized	58,300	246,370
Deferred income tax recovery	-	-

The component of the Company's deferred income tax asset is a result of the origination and reversal of temporary differences and is comprised of the following:

	2017	2016
	$	$
Mineral exploration properties	4,672,026	5,195,464
Non-capital losses carried forward	5,181,263	4,598,594
Share issue costs	20,915	16,558
Other	83,125	77,683
Unrecognized deferred tax assets	9,957,329	9,888,299
Net deferred income tax assets	(9,957,329)	(9,888,299)
Net deferred income tax assets	-	-

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

At December 31, 2017, the Company has non-capital losses of approximately $19,189,000 that may be carried forward to apply against future income taxes in Canada expiring as follows:

	Total
	$
2026	477,000
2027	1,574,000
2028	1,866,000
2029	2,012,000
2030	2,049,000
2031	3,099,000
2032	2,777,000
2033	1,221,000
2034	1,296,000
2035	381,000
2036	929,000
2037	1,508,000
	19,189,000

As of December 31, 2017, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools:

	2017	**2016**
	$	**$**
Undepreciated capital cost	109,113	96,594
Resource-related deductions	20,327,204	22,951,061
Undeducted share issue costs carried forward	77,461	63,685
	20,513,778	23,111,340

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, 900,000 warrants at an exercise price of $0.09 per warrant and 834,000 warrants at an exercise price of $0.10 per warrant were exercised for gross proceeds of $164,400.