Trifecta Gold Ltd.

Financial Statements

December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Trifecta Gold Ltd.

We have audited the accompanying financial statements of Trifecta Gold Ltd., which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2017 and the period from incorporation on October 4, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, these financial statements present fairly, in all material respects, the financial position of Trifecta Gold Ltd. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the year ended December 31, 2017 and the period from incorporation on October 4, 2016 to December 31, 2016, in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 4, 2018

Trifecta Gold Ltd.

Statements of Financial Position

As at December 31, 2017 and 2016

	Note	December 31, 2017 $	December 31, 2016 $
Assets			
Current assets			
Cash		480,008	100,000
Receivables and prepayments	3	62,581	7,765
		542,589	107,765
Non-current assets			
Mineral property interests	4	1,912,034	1,530,204
Total assets		**2,454,623**	1,637,969
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		18,256	55,113
Accounts payable to related parties	7	40,578	75,828
Total liabilities		**58,834**	**130,941**
Shareholders' equity			
Share capital	5	3,679,426	1,550,001
Contributed surplus		130,398	-
Deficit		(1,414,035)	(42,973)
Total shareholders' equity		**2,395,789**	1,507,028
Total liabilities and shareholders' equity		**2,454,623**	1,637,969

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Approved on behalf of the Board of Directors on April 4, 2018:

"Bruce J. Kenway" **Director** *"Graham Downs"* **Director**

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

For the year ended December 31, 2017 and the period from October 4, 2016 to December 31, 2016

	Number of shares #	Share capital $	Contributed surplus $	Deficit $	Total Shareholders' equity $
October 4, 2016 (date of incorporation)	1	1	-	-	1
Common shares issued for mineral properties	14,500,000	1,450,000	-	-	1,450,000
Common shares issued for cash	1,000,000	100,000	-	-	100,000
Loss and comprehensive loss for the period	-	-	-	(42,973)	(42,973)
December 31, 2016	15,500,001	1,550,001	-	(42,973)	1,507,028
January 1, 2017	15,500,001	1,550,001	-	(42,973)	1,507,028
Share-based payments	-	-	130,398	-	130,398
Common shares issued for mineral properties	1,300,000	327,000	-	-	327,000
Common shares issued for cash	13,765,000	1,875,750	-	-	1,875,750
Premium on flow-through shares	-	(37,955)	-	-	(37,955)
Share issue costs	-	(35,370)	-	-	(35,370)
Loss and comprehensive loss for the year	-	-	-	(1,371,062)	(1,371,062)
December 31, 2017	**30,565,001**	**3,679,426**	**130,398**	**(1,414,035)**	**2,395,789**

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

Trifecta Gold Ltd.

Statements of Loss and Comprehensive Loss

For the year ended December 31, 2017 and the period from October 4, 2016 to December 31, 2016

	Note	2017 $	2016 $
Income			
Interest income		4,065	-
General and administrative expenses			
Accounting, audit and legal	7	135,839	34,497
Administration expenses		5,121	433
Insurance		7,267	-
Investor relations and shareholder information		23,121	-
Management, administrative and corporate development fees	7	34,438	8043
Management, administrative and corporate development salaries	7	30,230	-
Office rent	7	17,500	-
Share-based payments		130,398	-
Transfer agent and filing fees		48,417	-
Loss before other items		(428,266)	(42,973)
Mineral property write-offs	4	(969,024)	-
Property examination costs	7	(11,727)	-
Other income on settlement of flow-through liability		37,955	-
Loss and comprehensive loss for the year/period		**(1,371,062)**	**(42,973)**
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	6	**24,513,415**	5,166,668
- Diluted #	6	**24,513,415**	5,166,668
Basic loss per share $	6	**(0.06)**	(0.01)
Diluted loss per share $	6	**(0.06)**	(0.01)

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

Trifecta Gold Ltd.

Statements of Cash Flows

For the year ended December 31, 2017 and the period from October 4, 2016 to December 31, 2016

	Note	**2017**	2016
		$	**$**
Operating activities			
Loss and comprehensive loss for the year/period		(1,371,062)	(42,973)
Mineral property write-offs		969,024	-
Other income on settlement of flow-through liability		(37,955)	-
Share-based payments		130,398	-
Interest income		(4,065)	-
Net change in non-cash working capital items	9	(15,648)	42,972
		(329,308)	**(1)**
Financing activities			
Issue of common shares for cash		1,875,750	100,001
Share issue costs		(35,370)	-
		1,840,380	**100,001**
Investing activities			
Interest income		4,065	-
Mineral property acquisition costs		(108,700)	-
Deferred exploration and evaluation expenditures		(1,026,429)	-
		(1,131,064)	**-**
Net increase in cash		380,008	100,000
Cash, beginning of year/period		100,000	-
Cash, end of year		**480,008**	**100,000**
Supplemental cash flow information	9		

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

1. Nature of operations and going concern

Trifecta Gold Ltd. (the "Company") was incorporated on October 4, 2016 under the laws of the Province of British Columbia, Canada and was registered extra-territorially in the Yukon Territory on January 6, 2017. The Company's head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company was a wholly owned subsidiary of Strategic Metals Ltd. ("Strategic"), until June 9, 2017, at which time Strategic's ownership position was reduced to approximately 9.19% through a Plan of Arrangement, which concluded with each Strategic shareholder receiving one Trifecta common share for every four and one-half Strategic common shares they owned as of May 31, 2017. The Company was listed on the TSX Venture Exchange ("TSX-V") on June 15, 2017.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These financial statements ("financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have revenues and has incurred operating losses since incorporation. As at December 31, 2017, the Company had working capital of $483,755 (December 31, 2016 – working capital deficiency of $23,176), and equity of $2,395,789 (December 31, 2016 - $1,507,028). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. Significant accounting policies

(a) Basis of presentation

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

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. Significant accounting policies (continued)

(b) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Non-derivative financial assets

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, material transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Cash is classified as FVTPL and is accounted for at fair value. Cash can include cash equivalents which are highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. As at December 31, 2017, the Company does not have any cash equivalents.

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

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(c) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Mineral property interests that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

2. Significant accounting policies (continued)

(c) Mineral property interests (continued)

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned or inactive for a prolonged period, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds estimated reserves, an impairment provision is recorded.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(c) above.

(e) 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. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

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 Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

2. Significant accounting policies (continued)

(f) Flow-through share private placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

(g) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as a general and administrative expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed from contributed surplus and credited to deficit.

(h) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

2. Significant accounting policies (continued)

(h) Environmental rehabilitation (continued)

The Company has no known restoration, rehabilitation or environmental costs, of any significance, related to its mineral property interests.

(i) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

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

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(j) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(k) Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect 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 year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

(ii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainly and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

(iii) The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

2. Significant accounting policies (continued)

(k) Use of estimates and critical judgments (continued)

Judgments

(i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(l) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2018. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9 *Financial Instruments*

  IFRS 9 adds new requirements for impairment of financial assets and makes changes to the classification and measurement of financial instruments. When complete, IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standard, however, there may be enhanced disclosure requirements.

3. Receivables and prepayments

Receivables and prepayments consists of the following:

	December 31, 2017	December 31, 2016
	$	$
Prepaid expenses	17,626	2,500
Sales tax recoverable	7,178	5,265
Yukon mineral exploration grant receivable	37,777	-
	62,581	7,765

4. Mineral property interests

The Company's mineral property interests consist of exploration stage properties located in the Yukon Territory and British Columbia. The properties have been grouped into those which are wholly-owned and those under option from other parties. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

4. Mineral property interests (continued)

Changes in the project carrying amounts for the period from incorporation to December 31, 2016 and for the year ended December 31, 2017 are summarized as follows:

	October 2016 $	Acquisitions and staking $	December 31, 2016 $	Acquisitions/ staking/ assessments $	Exploration and evaluation $	Write-offs $	December 31, 2017 $
Wholly-owned projects							
Eureka	-	1,136,660	1,136,660	-	67,172	-	1,203,832
Handsome Jack	-	-	-	9,572	1,665	-	11,237
Treble	-	115,095	115,095	-	30,104	-	145,199
Triple Crown	-	214,143	214,143	2,678	51,424	-	268,245
Total	**-**	**1,465,898**	**1,465,898**	**12,250**	**150,365**	**-**	**1,628,513**
Wholly-owned and under option project							
Trident - wholly-owned claims							
Squid	-	64,306	64,306	70,831	71,542	-	206,679
Trident - under option							
CH Claims	-	-	-	61,421	15,421	-	76,842
Squid East	-	-	-	142,663	651,959	(794,622)	-
Squid West	-	-	-	148,535	25,867	(174,402)	-
	-	**-**	**-**	**352,619**	**693,247**	**(969,024)**	**76,842**
Total	**-**	**64,306**	**64,306**	**423,450**	**764,789**	**(969,024)**	**283,521**
Total all projects	**-**	**1,530,204**	**1,530,204**	**435,700**	**915,154**	**(969,024)**	**1,912,034**

Exploration and evaluation expenditures on the projects consisted of the following:

Year ended December 31, 2017	Eureka $	Treble $	Triple Crown $	Trident $	Handsome Jack $	Total $
Assays	8,455	5,263	12,245	38,887	-	64,850
Bulldozer and excavator	-	-	-	67,000	-	67,000
Drilling	-	-	-	174,199	-	174,199
Field	8,158	3,939	6,294	103,455	-	121,846
Helicopter and fixed wing	-	10,580	7,758	20,536	-	38,874
Labour	44,143	23,996	37,898	287,187	1,665	394,889
Resource and environmental studies	-	-	5,374	4,270	-	9,644
Surveys and consulting	-	-	-	17,564	-	17,564
Travel and accommodations	6,416	2,221	3,737	51,691	-	64,065
	67,172	45,999	73,306	764,789	1,665	952,931
Less: Yukon mineral explortion grant	-	(15,895)	(21,882)	-	-	(37,777)
	67,172	30,104	51,424	764,789	1,665	915,154
Write-off of the Squid East and West claims	-	-	-	(677,826)	-	(677,826)
Total	**67,172**	**30,104**	**51,424**	**86,963**	**1,665**	**237,328**

4. Mineral property interests (continued)

(a) Wholly-owned projects

By an agreement dated December 9, 2016, the Company agreed to purchase the Eureka, Treble and Triple Crown mineral properties from Strategic by issuing Strategic 14,500,000 of its common shares at a value of $0.10 per share, giving the transaction a total value of $1,450,000. The agreed amount approximated the cumulative acquisition and exploration costs incurred on the properties by Strategic.

Transactions between related parties take place at a fair market value, where such values can be determined. The purchased properties are in the exploration stage with no proven economic mineral reserves, so there was insufficient information to determine a fair value less cost to sell, or a value in use. Under IFRS 6, mineral property interests can be carried at cost until such time the properties become impaired. Given the properties were, and are not considered impaired, and given a fair value could not be determined, the Company used the cumulative property costs to Strategic as the transfer value of the properties.

(i) Eureka

The Eureka project consists of a 100% interest in the Eureka mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 11,250,000 common shares at $0.10 per share for an aggregate cost of $1,125,000. The claims are subject to a 1% net smelter return royalty ("NSR").

(ii) Treble

The Treble project consists of a 100% interest in the LLL mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 1,150,000 common shares at $0.10 per share for an aggregate cost of $115,000. The claims are not subject to any royalty interests.

The Company has been approved to receive financial assistance from the Yukon Government on its LLL claims, which will reimburse the Company for one-half of its 2017 qualified exploration expenditures on the claims, to a maximum of $40,000. The Company has estimated the credit to be $15,895, which has been recorded as a reduction of current year exploration expenditures.

(iii) Triple Crown

The Triple Crown project consists of a 100% interest in the OOO mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 2,100,000 common shares at $0.10 per share for an aggregate cost of $210,000. The claims are not subject to any royalty interests.

The Company has been approved to receive financial assistance from the Yukon Government on its OOO claims, which will reimburse the Company for one-half of its 2017 qualified exploration expenditures on the claims, to a maximum of $40,000. The Company has estimated the credit to be $21,882, which has been recorded as a reduction of current year exploration expenditures.

(iv) Handsome Jack

The Handsome Jack project consists of a 100% interest in the Never Sweat mineral claims located in the Golden Triangle region of British Columbia. The project was acquired in September 2017 for consideration of $5,000 cash. The claims are subject to a 1% NSR interest in all precious metals produced from the property. The Company has the right to purchase the royalty at any time for a consideration of $500,000 cash.

(b) Wholly-owned and under option project

Trident

The Trident project consists of the Squid claims, which are wholly-owned, and the CH claims which are being acquired under an option agreement. The project also included the Squid East and West claims which were under option during the year and later dropped and written-off.

4. Mineral property interests (continued)

(b) Wholly-owned and under option project (continued)

Trident (continued)

Wholly-owned Claims

The Squid claims are located in the Dawson Mining District, Yukon Territory, and were acquired by staking.

Under Option Claims

(i) CH Claims

By an agreement dated December 8, 2016, and amended on April 27, 2017, the Company may acquire a 100% interest in the CH mineral claims located in the Dawson Mining District, Yukon Territory from Coureur Des Bois Ltee Ltd. ("Coureur"), for consideration of:

- The issuance of 1,500,000 common shares to Coureur as follows:
    - 150,000 shares upon completion of a TSX-V listing (issued June 15, 2017);
    - 150,000 shares on or before December 8, 2017 (issued December 8, 2017);
    - 200,000 shares on or before December 8, 2018;
    - 300,000 shares on or before December 8, 2019; and
    - 700,000 shares on or before December 8, 2020.

Upon completion of the agreement, the Company will attain a 100% interest in the claims and Coureur will retain a 2% NSR from any precious metal commercial production and a 1% NSR from any non-precious metal commercial production. The Company would have the right at any time to purchase one-half of the NSR for $1,000,000.

(ii) Squid East and West Claims

In December 2016, the Company entered into an option agreement to acquire up to a 75% interest in the Squid East and Squid West mineral claims located in the Dawson Mining District, Yukon Territory from Metals Creek Resources Corp. ("Metals Creek"). Under the agreement, the Company made a payment of $10,000 on January 10, 2017 and issued 1,000,000 common shares on June 15, 2017, at the market price on issue of $0.27 per share, for total consideration of $270,000.

The agreement was terminated effective December 15, 2017 and the Company has written-off the option and claims costs of $291,198 and the current year exploration costs of $677,826, for a total of $969,024.

5. Share capital

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

Transactions for the issue of share capital during the year ended December 31, 2017:

(a) On January 5, 2017, the Company issued 6,500,000 common shares to Strategic at a price of $0.10 per share for proceeds of $650,000.

(b) On June 15, 2017, the Company issued 1,000,000 common shares to Metals Creek under the option agreement for the Squid East and West claims (see note 4(b)(ii)), at the market price on issue of $0.27 per share, for total consideration of $270,000.

5. Share capital (continued)

Transactions for the issue of share capital during the year ended December 31, 2017: (continued)

(c) During the year, the Company completed a private placement consisting of flow-through and non-flow through units in two tranches.

The first tranche closed on July 21, 2017, and consisted of the issuance of 1,202,000 flow-through units at $0.25 per unit, for total consideration of $300,500; and 2,760,000 non-flow-through units at $0.20 per unit, for total consideration of $552,000.

The second tranche closed on August 23, 2017, and consisted of the issuance of 253,000 flow-through units at $0.25 per unit, for total consideration of $63,250; and 50,000 non-flow-through units at $0.20 per unit, for total consideration of $10,000.

Each flow-through unit consisted of one flow-through common share and one-half of a non-flow-through share purchase warrant. Each non-flow-through unit consisted of one non-flow-through common share and one-half of a non-flow-through share purchase warrant. Each whole warrant from either unit entitles the holder to purchase one non-flow-through common share at a price of $0.30 each until either July 21, 2018 or August 23, 2018, depending on the closing of the tranche involved. The Company may give notice of an earlier expiry date for the warrants if the Company's shares trade at a price greater than $0.35 for ten consecutive trading days on the TSX-V subsequent to the expiry of the four-month statutory hold period.

The flow-through shares were issued at a premium to the trading value of the Company's common shares at the date the flow-through shares were issued, which is a reflection of the value of the income tax write-offs that the Company renounced to the flow-through shareholders. The premium was determined to be $37,955 and was recorded as a reduction of share capital and as a flow-through share premium liability and subsequently reversed to other income.

The Company paid finders' fees of $5,340 and legal and filing fees of $19,180, which have been recorded as a share issue cost and deducted from share capital.

(d) On December 21, 2017, the Company completed a private placement consisting of the issue of 3,000,000 units, at $0.10 per unit, for proceeds of $300,000. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share at a price of $0.15 each, until December 21, 2019.

The Company paid finders' fees of $2,100 and legal and filing fees of $8,750, which have been recorded as a share issue cost and deducted from share capital.

(e) During the year the Company issued 300,000 common shares to Coureur under the option agreement for the CH claims (see note 4(b)(i)), of which 150,000 common shares were issued on June 15, 2017, at the market price on issue of $0.27 per share, and 150,000 common shares were issued on November 22, 2017, at the market price on issue of $0.11 per share, for total consideration of $57,000.

Transactions for the issue of share capital during the period October 4, 2016 to December 31, 2016:

(a) The Company issued one share for $1 to Strategic on incorporation.

(b) The Company issued 1,000,000 shares to Strategic at a value of $0.10 per share for proceeds of $100,000.

(c) The Company issued 14,500,000 shares to Strategic at a value of $0.10 per share to acquire the Eureka, Treble and Triple Crown properties (see note 4(a)).

5. Share capital (continued)

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above "Market Price" will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below "Market Price" will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

A summary of the status of the Company's stock options as at December 31, 2017 and December 31, 2016 and changes during the year/period then ended is as follows:

	Year ended December 31, 2017		Period ended December 31, 2016	
	Options	Exercise price	Options	Exercise price
	#	$	#	$
Options outstanding, beginning of year/period	-	-	-	-
Granted	2,405,000	0.25	-	-
Options outstanding, end of year	**2,405,000**	**0.25**	-	-

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

	Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
(1)	50,000	12,500	0.25	0.36	May 10, 2018
	2,355,000	588,750	0.25	4.65	August 25, 2022
	2,405,000	**601,250**	**0.25**	**4.56**	

(1) These options expire early due to a related party employee leaving employment.

On August 25, 2017, 2,405,000 stock options were granted to Officers, Directors, related company employees and consultants, with an exercise price of $0.25 per share until August 25, 2022. The options vest one-quarter every three months from the grant date. The fair value of the options on grant date was determined using the Black-Scholes option pricing model using the following weighted average assumptions: expected life of options - five years, stock price volatility – 73.59%, no dividend yield, and a risk-free interest rate yield of 1.51%. The fair value is particularly impacted by the Company's stock price volatility, which was determined using the volatility of similar resource exploration companies, as the Company does not have a five-year volatility history. Using the above assumptions, the fair value of options on grant date was $0.1041 per option for a total of $250,364.

The total share-based payment expense for the year ended December 31, 2017 was $130,398 (2016 – nil), which is presented as a general and administrative expense, and includes only the options that vested during the year/period.

5. Share capital (continued)

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

A summary of the status of the Company's warrants as at December 31, 2017 and December 31, 2016, and changes during the year/period then ended is as follows:

	December 31, 2017		December 31, 2016	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Warrants outstanding, beginning of year/ period	-	-	-	-
Private placement warrants issued	3,632,500	0.24	-	-
Warrants outstanding, end of year	**3,632,500**	**0.24**	-	-

As at December 31, 2017 the Company had private placement warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,981,000	0.30	0.55	July 21, 2018
151,500	0.30	0.64	August 23, 2018
1,500,000	0.15	2.00	December 21, 2019
3,632,500	0.24	1.15	

Contributed surplus

Contributed surplus, when applicable, includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled.

6. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2017 is based on the loss attributable to common shareholders of $1,371,062 (2016 - $42,973) and a weighted average number of common shares outstanding of 24,513,415 (2016 – 5,166,668).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

7. Related party payables and transactions

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence during the year ended December 31, 2017.

7. Related party payables and transactions (continued)

Effective June 16, 2017, Dylan Arnold-Wallinger, the Company's President and CEO became a direct employee of the Company at a current salary of $10,000 per month. He was previously employed by Archer, Cathro & Associates (1981) Limited ("Archer Cathro"), which charged the Company for his monthly services. No other key management personnel or Directors receive salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days' notice. Key management personnel and Directors participate in the Company's stock option plan.

On August 25, 2017, 1,700,000 stock options were granted to key management personnel and Directors having a fair value on issue of $176,972. The options granted are exercisable at $0.25 each until August 25, 2022 and vest over a one-year period ending August 25, 2018.

The Company transacted with the following related parties:

(a) Archer Cathro is a geological consulting firm that is related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisitions, exploration, management, and office rent and administration.

(b) Glenn Yeadon is the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp"), which provides the Company with legal services.

(c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.

(d) Dylan Arnold-Wallinger is the Company's President and CEO. He provides the Company with management, administrative, corporate development and technical services.

The aggregate value of transactions and outstanding balances with related parties are as follows:

	Transactions year ended December 31, 2017 $	Transactions from October 4, 2016 to December 31, 2016 $	**Balances outstanding, December 31, 2017 $**	Balances outstanding, December 31, 2016 $
Archer Cathro				
- Geological services	469,669	7,289	4,744	39,739
- Office and administration	58,924	8,043	6,709	10,885
	528,593	15,332	11,453	50,624
Yeadon Law Corp	92,249	15,497	19,125	16,204
Donaldson Grassi	44,160	9,000	10,000	9,000
Dylan Arnold-Wallinger	62,829	-	-	-
(includes geological services of $32,599)				
	727,831	**39,829**	**40,578**	75,828

All related party balances are unsecured and are due within thirty days without interest.

The related party transactions do not include expense reimbursements or recoverable sales tax amounts that are included in the period-end related party payable balances.

7. Related party payables and transactions (continued)

The transactions with the key management personnel and Directors are included in general and administrative expenses as follows:

(a) Accounting, audit and legal
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corp.
- Includes the accounting services of the Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.

(b) Management, administrative and corporate development fees
- Includes charges by Archer Cathro for administrative and investor relations personnel.

(c) Management, administration and corporate development salaries
- Includes the portion of Dylan Arnold-Wallinger's salary related to management, administrative and corporate development services. The remainder of Dylan Arnold-Wallinger's salary is allocated to deferred exploration and evaluation expenditures for his project technical services.

(d) Office rent
- Charged by Archer Cathro.

(e) Property examination costs
- Includes charges by Archer Cathro for exploration personnel.

8. Income Taxes

Income tax (expense) recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31, 2017	December 31, 2016
	$	$
Loss for the year/period before income taxes	(1,371,062)	(42,973)
Statutory Canadian corporate tax rate	26.00%	26.00%
Anticipated income tax recovery	356,476	11,173
Change in tax resulting from:		
Share issue costs incurred	9,550	-
Unrecognized items for tax purposes	(33,903)	-
Non-capital losses unrecognized	(233,910)	(11,173)
Tax benefits renounced on flow-through expenditures	(98,213)	-
Income tax (expense) recovery	**-**	**-**

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

	December 31, 2017	December 31, 2016
	$	$
Mineral property interests	163,846	-
Non-capital loss carry forwards	83,690	-
Share issue costs	7,640	-
Tax benefit unrecognized	(255,176)	-
Net deferred income tax liability	**-**	**-**

8. Income Taxes (continued)

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

As at December 31, 2017, the Company has unused non-capital losses of approximately $310,000 of which $43,000 expire in 2036 and $267,000 in 2037.

As at December 31, 2017, the Company has unclaimed resource deductions in the amount of $2,529,035 (December 31, 2016 – $1,530,204), which may be deductible against future taxable income.

As at December 31, 2017, there are share issue cost totaling $28,295 (December 31, 2016 – nil), which have not been claimed for tax purposes.

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

9. Supplemental cash flow information

Changes in non-cash operating working capital during the year ended December 31, 2017 and the period ended December 31, 2016 were comprised of the following:

	December 31, 2017 $	December 31, 2016 $
Sales tax recoverable	(1,911)	(5,265)
Prepaid expenses	(15,125)	(2,500)
Accounts payable and accrued liabilities	3,608	(25,091)
Accounts payable to related parties	(2,220)	75,828
Net Change	**(15,648)**	**42,972**

The Company incurred non-cash financing and investing activities during the year ended December 31, 2017 and the period ended December 31, 2016 as follows:

	December 31, 2017 $	December 31, 2016 $
Non-cash financing activities:		
Share capital reduced by flow-through share premium	(37,955)	-
Issue of share capital for mineral property interests	327,000	1,450,000
	289,045	1,450,000
Non-cash investing activities:		
Option/purchase of mineral property interests by issue of share capital	(327,000)	1,450,000
Acquisition of mineral properties included in accrued liabilities	-	40,465
Acquisition of mineral properties included in due to related parties	-	39,739
Deferred exploration expenditures included in accounts payable and related party payables	6,709	-
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	(37,777)	-
	(320,291)	1,530,204

During the year ended December 31, 2017 and the period from October 4, 2016 to December 31, 2016, no amounts were paid for interest or income tax expenses.

10. Financial risk management

Capital management

The Company is a junior resource exploration company and considers items included in equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at December 31, 2017 is comprised of equity of $2,395,789 (December 31, 2016 - $1,507,028).

The Company currently has no source of revenues. In order to fund future projects and pay for general and administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2017				
Cash	**480,008**	**-**	**-**	**480,008**
December 31, 2016				
Cash	100,000	-	-	100,000

Financial instruments- risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivable exposure as its refundable credits are due from Canadian governments.

(b) Interest rate risk

The Company is not exposed to interest risk as it does not hold financial securities or debt that would be impacted by fluctuating interest rates.

10. Financial risk management (continued)

Financial instruments- risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(d) Market and currency risk

The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies. It is not exposed to currency risk because it does not deal in foreign currencies.

11. Commitment

In July and August 2017, the Company completed a private placement of flow-through shares for gross proceeds of $363,750 (see note 5(c)). The Company has spent the flow-through proceeds on required qualified exploration programs and has renounced the expenditures and available income tax benefits to the flow-through shareholders effective, December 31, 2017. The flow-through expenditures renounced increased the timing differences between the book value of the Company's mineral property interests and the carrying value for tax purposes, resulting in a deferred income tax liability and expense of $94,575, which amounts have been offset by the current year available deferred income tax benefits.

12. Event after reporting period

On February 27, 2018, the Company signed a letter of intent, which was subsequently replaced with a definitive agreement, to option from Silver Range Resources Ltd. ("Silver Range") up to a 75% interest in Silver Range's newly acquired Yuge property.

For a 51% interest the Company will be required to:

- Reimburse Silver Range its staking and recording costs of approximately $7,100 (all values in U.S. dollars);
- Complete a $1,000,000 work program on or before February 28, 2021;
- Pay Silver Range $250,000 cash and/or shares at the Company's election, on or before February 28, 2021;
- Grant Silver Range a 1% NSR; and
- Grant Silver Range a success fee of $1 per ounce, payable upon completion of a Preliminary Economic Assessment based on measured and indicated resources greater than 500,000 ounces.

For an additional 24% interest the Company will be required to:

- Complete an additional $2,000,000 work program on or before February 28, 2023;
- Pay Silver Range $500,000 cash and/or shares at the Company's election, on or before February 28, 2023; and
- Grant Silver Range an additional 1% NSR, which can be purchased for $1,000,000 at any time prior to production.

Silver Range will act as the project operator for the first phase of exploration in return for a 10% management fee. Once fully vested a Joint Venture would be formed to continue exploration of the property. Should either party's interest be diluted to below 10%, it would be converted into a 1% NSR, half of which could be purchased for $1,000,000.