Trifecta Gold Ltd.

Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Trifecta Gold Ltd.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred operating losses since incorporation and will require additional funding to carry on as a going concern. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 4, 2019

Trifecta Gold Ltd.

Statements of Financial Position

As at December 31, 2018 and 2017

	Note	**December 31, 2018 $**	December 31, 2017 $
Assets			
Current assets			
Cash		341,493	480,008
Receivables and prepayments	3	17,390	62,581
Marketable securities	4	37,500	-
		396,383	542,589
Non-current assets			
Mineral property interests	5	2,113,855	1,912,034
Total assets		**2,510,238**	2,454,623
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		45,005	18,256
Accounts payable to related parties	8	36,997	40,578
Total liabilities		**82,002**	58,834
Shareholders' equity			
Share capital	6	3,935,310	3,679,426
Contributed surplus	6	310,802	130,398
Deficit		(1,817,876)	(1,414,035)
Total shareholders' equity		**2,428,236**	2,395,789
Total liabilities and shareholders' equity		**2,510,238**	2,454,623

Nature of operations and going concern	1
Event after the reporting period	12

Approved on behalf of the Board of Directors on April 4, 2019:

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

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

Trifecta Gold Ltd.

Statement of Changes in Shareholders' Equity

For the years ended December 31, 2018 and December 31, 2017

	Number of shares #	Share capital $	Contributed surplus $	Deficit $	Total Shareholders' equity $
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/units issued for cash	13,765,000	1,875,750	-	-	1,875,750
Premium on flow-through shares issued	-	(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
January 1, 2018	30,565,001	3,679,426	130,398	(1,414,035)	2,395,789
Share-based payments	-	-	118,364	-	118,364
Common shares issued for mineral properties	400,000	26,500	-	-	26,500
Common share units issued for cash	4,352,856	239,407	65,293	-	304,700
Share issue costs	-	(10,023)	-	-	(10,023)
Re-allocated on cancellation of stock options	-	-	(3,253)	3,253	-
Loss and comprehensive loss for the year	-	-	-	(407,094)	(407,094)
December 31, 2018	**35,317,857**	**3,935,310**	**310,802**	**(1,817,876)**	**2,428,236**

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

Trifecta Gold Ltd.

Statements of Loss and Comprehensive Loss

For the years ended December 31,

	Note	2018 $	2017 $
General and administrative expenses			
Administration expenses		15,805	5,121
Insurance		17,600	7,267
Investor relations and shareholder information		54,326	23,121
Management, administrative and corporate development fees	8	6,918	34,438
Management, administrative and corporate development salaries	8	100,848	30,230
Office rent	8	30,000	17,500
Professional fees	8	103,079	135,839
Share-based payments	6,8	118,364	130,398
Transfer agent and filing fees		8,834	48,417
Loss from operating expenses		(455,774)	(432,331)
Interest income		3,347	4,065
Mineral property write-offs	5	-	(969,024)
Property examination costs	8	(5,930)	(11,727)
Loss on marketable securities	4	(16,250)	-
Gain on sale of mineral property interest	5	67,513	-
Other income on settlement of flow-through liability	6	-	37,955
Loss and comprehensive loss for the year		**(407,094)**	(1,371,062)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	7	**30,861,580**	24,513,415
- Diluted #	7	**30,861,580**	24,513,415
Basic loss per share $	7	**(0.01)**	(0.06)
Diluted loss per share $	7	**(0.01)**	(0.06)

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

Trifecta Gold Ltd.

Statements of Cash Flows

For the years ended December 31,

	Note	**2018** $	2017 $
Operating activities			
Loss and comprehensive loss for the year		(407,094)	(1,371,062)
Mineral property write-offs		-	969,024
Other income on settlement of flow-through liability		-	(37,955)
Share-based payments		118,364	130,398
Loss on marketable securities		16,250	-
Gain on sale of mineral property interest		(67,513)	-
Interest income received		(3,347)	(4,065)
Net change in non-cash working capital items	10	16,545	(15,648)
		(326,795)	(329,308)
Financing activities			
Issue of common shares/units for cash		304,700	1,875,750
Share issue costs		(1,523)	(35,370)
		303,177	1,840,380
Investing activities			
Interest income received		3,347	4,065
Proceeds from sale of mineral property interest		25,000	-
Exploration grant received		37,777	-
Mineral property acquisition costs		(66,936)	(108,700)
Deferred exploration and evaluation expenditures		(114,085)	(1,026,429)
		(114,897)	(1,131,064)
Net increase (decrease) in cash		(138,515)	380,008
Cash, beginning of year		480,008	100,000
Cash, end of year		**341,493**	480,008

Supplemental cash flow information 10

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

1. Nature of operations and going concern

Trifecta Gold Ltd. (the "Company" or "Trifecta") 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, 2018, the Company had working capital of $314,381 (December 31, 2017 – $483,755), and shareholders' equity of $2,428,236 (December 31, 2017 - $2,395,789). The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital. If the Company is unable to raise additional funds in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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) New accounting policy

The Company has adopted new accounting standard *IFRS 9 - Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 - Financial instruments: recognition and measurement.* The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its financial instruments at fair value through profit or loss ("FVTPL"), with changes in fair value recognized in profit or loss as they arise unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income.

Cash and marketable securities continue to be recorded at FVTPL. Other receivables are initially recorded at FVTPL, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities, and accounts payable to related parties are classified and measured as other financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

(c) Financial instruments

The Company classifies its financial instruments in the following categories: as FVTPL, financial assets at amortized cost 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 and liabilities

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and

(b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. **Significant accounting policies** (continued)

(c) **Financial instruments** (continued)

The Company's marketable securities are classified as FVTPL. Marketable securities held in companies with an active market are classified as current assets at fair value. Marketable securities held in non-public companies without an active market are classified as non-current assets and are valued at fair value. In situations where fair value is indeterminable or impracticable to determine, the shares are recorded at cost. This may occur when non-public company shares are received as payment for mineral property interests. In such situations cost is determined by reference to the issue price of similar shares issued by the non-public entity for cash, at or near the time of issue of the investment shares, and in similar volumes. When, at future measurement dates fair value is still indeterminable, or impracticable, cost is used as the measure of fair value. When there is evidence of impairment the shares are written-down to expected realizable value.

Cash is classified as FVTPL and is accounted for at fair value.

Receivables are classified as financial assets at amortized cost.

(ii) Derivative financial assets

Warrants are classified as derivative financial assets and are recorded at FVTPL. Warrants without an active market that are received as attachments to common share units are initially recorded at nominal amounts. At the time of purchase the total unit cost is allocated in full to each common share. Subsequent value is determined at measurement date using a valuation technique, such as the Black-Scholes option pricing model, or when the valuation technique input variables are not reliable, using the intrinsic value, which is equal to the higher of the market value of the underlying security, less the exercise price of the warrant, or zero. The Company does not own any warrants as at December 31, 2018 and 2017.

(iii) Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities, and accounts payable 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. Interest expense is recorded to profit or loss.

(d) **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)

(d) 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.

(e) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as of the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(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(d) above.

(f) 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)

(g) 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.

(h) 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 the 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.

(i) 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)

(i) Environmental rehabilitation (continued)

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

(j) 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.

(k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or 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 EPS is determined by dividing the profit or 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.

(l) 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)

(l) **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.

(m) **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, 2019. 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, 2019

- New standard IFRS 16 - Leases

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. It is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company does not have any leases and has initially assessed that there will be no material reporting changes as a result of adopting the new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments.* The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019.

The Company does not expect the adoption of this new standard to have a material impact on its financial statements.

3. Receivables and prepayments

Receivables and prepayments consist of the following:

	December 31, 2018	December 31, 2017
	$	$
Prepaid expenses	15,110	17,626
Sales tax recoverable	2,280	7,178
Yukon mineral exploration grant receivable	-	37,777
	17,390	62,581

4. Marketable securities

Marketable securities consist of common shares received on the option of mineral property interests as follows:

	Cost	**Fair value**	**Loss**
	$	**$**	**$**
January 1, 2018	-	-	-
Additions (see note 5(a)(iv))	53,750	53,750	-
Unrealized loss for the year	-	(16,250)	(16,250)
December 31, 2018	**53,750**	**37,500**	**(16,250)**

The fair value of the marketable securities is based on the bid price of the shares on the TSX-V at each period end.

5. Mineral property interests

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

5. Mineral property interests (continued)

Changes in the project carrying amounts for the year ended December 31, 2017 is summarized as follows:

	December 31, 2016 $	Acquisitions and staking $	Exploration and evaluation $	Write-offs $	December 31, 2017 $
Wholly-owned projects					
Eureka	1,136,660	-	67,172	-	1,203,832
Handsome Jack	-	9,572	1,665	-	11,237
Treble	115,095	-	30,104	-	145,199
Triple Crown	214,143	2,678	51,424	-	268,245
Total	**1,465,898**	**12,250**	**150,365**	**-**	**1,628,513**
Wholly-owned and under option project					
Trident - wholly-owned claims					
Squid	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**	**423,450**	**764,789**	**(969,024)**	**283,521**
Total all projects	**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

5. **Mineral property interests** (continued)

Changes in the project carrying amounts for the year ended December 31, 2018 is summarized as follows:

	December 31, 2017 $	Acquisitions/ staking/ assessments $	Proceeds from disposal $	Gain on disposal $	Exploration and evaluation $	December 31, 2018 $
Wholly-owned projects						
Eureka	1,203,832	3,440	-	-	12,545	1,219,817
Treble	145,199	2,830	-	-	7,850	155,879
Triple Crown	268,245	2,969	-	-	12,726	283,940
Handsome Jack	11,237	-	(78,750)	67,513	-	-
Total	**1,628,513**	**9,239**	**(78,750)**	**67,513**	**33,121**	**1,659,636**
Wholly-owned and under option projects						
Trident - wholly-owned claims						
Squid	206,679	-	-	-	5,463	212,142
Trident - under option						
CH Claims	76,842	11,000	-	-	233	88,075
	283,521	**11,000**	**-**	**-**	**5,696**	**300,217**
Projects under option from other parties						
Yuge	-	37,696	-	-	80,385	118,081
Eureka Dome	-	35,500	-	-	421	35,921
	-	**73,196**	**-**	**-**	**80,806**	**154,002**
Total all projects	**1,912,034**	**93,435**	**(78,750)**	**67,513**	**119,623**	**2,113,855**

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

Year ended December 31, 2018	Eureka $	Treble $	Triple Crown $	Trident $	Yuge $	Eureka Dome $	Total $
Assays	-	-	-	893	3,608	-	4,501
Field	607	-	182	706	4,270	-	5,765
Labour	11,938	7,850	11,555	3,491	16,941	421	52,196
Surveys and consulting	-	-	-	-	53,237	-	53,237
Travel and accommodations	-	-	989	606	2,329	-	3,924
Total	**12,545**	**7,850**	**12,726**	**5,696**	**80,385**	**421**	**119,623**

(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.

5. **Mineral property interests** (continued)

(a) **Wholly-owned projects** (continued)

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.

(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.

(iv) Handsome Jack

The Handsome Jack project consisted 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.

By agreement dated August 8, 2018, the Company sold its Handsome Jack project to StrikePoint Gold Inc. ("StrikePoint") for $25,000 cash and the issuance of 250,000 StrikePoint common shares, which were received on September 17, 2018 with a fair value of $53,750.

The Company retains a 1% NSR on the project, one-half of which can be purchased by StrikePoint at any time for a cash payment of $500,000.

(b) **Wholly-owned and under option projects**

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 and later dropped and written-off as at the year ended December 31, 2017.

Wholly-owned claims

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

5. **Mineral property interests** (continued)

(b) **Wholly-owned and under option projects** (continued)

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 (issued December 6, 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 (consideration of $270,000), for total consideration of $280,000.

The agreement was terminated effective December 15, 2017, and the Company wrote-off the 2017 option and claims costs of $291,198 and the 2017 exploration costs of $677,826, for total mineral property write-offs of $969,024 during the year ended December 31, 2017.

(c) **Projects under option from other parties**

(i) Yuge

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, which is located in Nevada, USA.

For a 51% interest, the Company is required to:

- Reimburse Silver Range its staking and recording costs of $9,066 (approximately US$7,100);
- Complete a US$1,000,000 work program on or before February 28, 2021;
- Pay Silver Range US$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 US$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 is required to:

- Complete an additional US$2,000,000 work program on or before February 28, 2023;
- Pay Silver Range US$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 US$1,000,000 at any time prior to production.

5. Mineral property interests (continued)

(c) Projects under option from other parties (continued)

(i) Yuge (continued)

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 US$1,000,000.

(ii) Eureka Dome

On April 24, 2018, and as amended on December 19, 2018, the Company signed an option agreement with Pacific Ridge Exploration Ltd. ("Pacific Ridge") to earn a 70% interest in the Eureka Dome property, located in the Dawson Mining District, Yukon Territory. To exercise the option, the Company will be required, in stages, to make payments totaling $200,000, issue a total of 1,000,000 shares, and incur a total of $2,500,000 in exploration expenditures on or before December 31, 2022, as follows:

Cash payments:

- $10,000 upon obtaining Exchange acceptance (paid May 11, 2018);
- An additional $10,000 on or before December 31, 2018 (paid December 19, 2018);
- An additional $10,000 on or before December 31, 2019;
- An additional $20,000 on or before December 31, 2020;
- An additional $50,000 on or before December 31, 2021; and
- An additional $100,000 on or before December 31, 2022.

Share issuances:

- 100,000 shares upon obtaining Exchange acceptance (issued May 9, 2018);
- An additional 100,000 shares on or before December 31, 2018 (issued December 18, 2018);
- An additional 100,000 shares on or before December 31, 2019;
- An additional 200,000 shares on or before December 31, 2020;
- An additional 200,000 shares on or before December 31, 2021; and
- An additional 300,000 shares on or before December 31, 2022.

Exploration expenditures:

- $250,000 on or before December 31, 2019 (the "Initial Exploration Requirement");
- An additional $250,000 on or before December 31, 2020;
- An additional $500,000 on or before December 31, 2021; and
- An additional $1,500,000 on or before December 31, 2022.

In the event that the Company fails to incur the Initial Exploration Requirement, the Company shall be obligated to satisfy the difference between the amount of exploration expenditures actually incurred and the Initial Exploration Requirement (the "Shortfall") on or before January 15, 2020, either, at the Company's election:

- Making a cash payment to Pacific Ridge in the amount of the Shortfall; or
- Making a cash payment to Pacific Ridge in the amount of 50% of the Shortfall and issuing a number of Trifecta common shares as is equal to the number determined by dividing 50% of the Shortfall by the minimum deemed price per share provided in TSX-V Policy 4.3, without resale or transfer restrictions that exceed 4 months from the date of issue.

Once fully vested, the Company and Pacific Ridge would enter into a joint venture agreement to continue exploration of the property. Should either party's interest be diluted to below 10%, it would be converted into a 1% NSR. The property is subject to a pre-existing 1% NSR to a third-party.

6. 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, 2018:

(a) On May 11, 2018, the Company issued 100,000 common shares to Pacific Ridge under the option agreement for the Eureka Dome property (see note 5(c)(ii)), at the market value of issue of $0.10 per share, for an aggregate fair value of $10,000.

(b) On December 6, 2018, the Company issued 200,000 common shares to Coureur under the option agreement for the CH claims (see note 5(b)(i)), at the market value of issue of $0.055 per share, for an aggregate fair value of $11,000.

(c) On December 13, 2018, the Company completed a private placement consisting of the issue of 4,352,856 non-flow-through common share units at a price of $0.07 each for gross proceeds of $304,700. Each unit consists of one common share and one share purchase warrant, with each warrant being exercisable into an additional common share at an exercise price of $0.10 for a period of 2 years expiring December 13, 2020.

As the units were sold at a premium to the Company's trading value of its common shares on the date of issuance, pursuant to the Company's significant accounting policy, a total of $65,293 was allocated to the warrant component of the units sold and credited to contributed surplus.

Legal and filing fees incurred in connection with the placement amounted to $10,023 and have been recorded as a share issue cost and deducted from share capital.

(d) On December 18, 2018, the Company issued 100,000 common shares to Pacific Ridge under the option agreement for the Eureka Dome property (see note 5(c)(ii)), at the market value of issue of $0.055 per share, for an aggregate fair value of $5,500.

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

(e) 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.

(f) 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 5(b)(ii)), at the market price on issue of $0.27 per share, for total consideration of $270,000.

(g) During 2017, 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 entitled 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 warrants expired unexercised.

6. **Share capital** (continued)

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 during the year ended December 31, 2017.

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

(h) 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 were recorded as a share issue costs and deducted from share capital.

(i) During 2017, the Company issued 300,000 common shares to Coureur under the option agreement for the CH claims (see note 5(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.

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 or the date of grant in respect of options granted to consultants, 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, 2018 and December 31, 2017 and changes during the years then ended is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of year	2,405,000	0.25	-	-
Granted	-	-	2,405,000	0.25
Cancelled	(60,000)	0.25	-	-
Options outstanding, end of year	**2,345,000**	**0.25**	2,405,000	0.25

6. **Share capital** (continued)

As at December 31, 2018, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
2,345,000	**2,345,000**	**0.25**	**3.65**	**August 25, 2022**

No stock options were granted during the year ended December 31, 2018.

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 vested 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, 2018 was $118,364 (2017 – $130,398), which is presented as a general and administrative expense, and includes only the options that vested during the year.

During the year ended December 31, 2018, 60,000 stock options (2017 – nil) were cancelled. As a result, the original share-based payment expense of $3,253 (2017 - $nil) has been reversed from contributed surplus and credited to deficit.

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, 2018 and December 31, 2017, and changes during the years then ended is as follows:

	December 31, 2018		December 31, 2017	
	Warrants #	Weighted average exercise price $	Warrants #	Exercise price $
Warrants outstanding, beginning of year	3,632,500	0.24	-	-
Private placement warrants issued	4,352,856	0.10	3,632,500	0.24
Private placement warrants expired	(2,132,500)	0.30	-	-
Warrants outstanding, end of year	**5,852,856**	**0.11**	3,632,500	0.24

As at December 31, 2018 the Company had private placement warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,500,000	0.15	0.97	December 21, 2019
4,352,856	0.10	1.95	December 13, 2020
5,852,856	**0.11**	**1.70**	

6. **Share capital** (continued)

Contributed surplus

Contributed surplus, when applicable, includes the accumulated fair value of stock options recognized as share-based payments and the fair value of 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.

7. **Loss per share**

The calculation of basic and diluted loss per share for the year ended December 31, 2018 is based on the loss attributable to common shareholders of $407,094 (2017 - $1,371,062) and a weighted average number of common shares outstanding of 30,861,580 (2016 – 24,513,415).

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

8. **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 of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2018 or December 31, 2017.

Effective June 16, 2017, Dylan Arnold-Wallinger, the Company's President and CEO became a direct employee of the Company. 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.

There were no stock options granted to key management personnel and Directors during the year ended December 31, 2018, (2017 – 1,700,000 stock options were granted having a fair value on issue of $176,972). The options granted are exercisable at $0.25 each until August 25, 2022 and vested over a one-year period that ended on 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.

8. Related party payables and transactions (continued)

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

		Transactions year ended December 31, 2018 $	Transactions year ended December 31, 2017 $	**Balances outstanding, December 31, 2018** $	Balances outstanding, December 31, 2017 $
	Archer Cathro				
	- Geological services	39,507	469,669	246	4,744
	- Office and administration	37,743	58,924	7,139	6,709
		77,250	528,593	7,385	11,453
(1)	Yeadon Law Corp	46,419	92,249	15,612	19,125
	Donaldson Grassi	46,800	44,160	14,000	10,000
(2)	Dylan Arnold-Wallinger	123,628	62,829	-	-
		294,097	**727,831**	**36,997**	40,578

(1) Transactions include $8,500 in share issue costs for the year ended December 31, 2018 (2017 - $nil)

(2) Transactions include $22,780 in geological services for the year ended December 31, 2018 (2017 - $32,599)

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.

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

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

(b) Management, administrative 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 and property examination expense for his project technical services.

(c) Office rent
- Charged by Archer Cathro.

(d) Professional fees
- 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.

(e) Property examination costs
- Includes the portion of Dylan Arnold-Wallinger's salary in 2018 related to property examination and charges by Archer Cathro in 2017 for the services of Dylan Arnold-Wallinger while he was an employee of Archer Cathro.

9. 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, 2018	December 31, 2017
	$	$
Loss for the year before income taxes	(407,094)	(1,371,062)
Statutory Canadian corporate tax rate	27.00%	26.00%
Anticipated income tax recovery	109,915	356,476
Change in tax resulting from:		
Share issue costs incurred	2,706	9,550
Unrecognized items for tax purposes	(34,151)	(33,903)
Non-capital losses unrecognized	(78,470)	(233,910)
Tax benefits renounced on flow-through expenditures	-	(98,213)
Income tax (expense) recovery	-	-

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

	December 31, 2018	December 31, 2017
	$	$
Mineral property interests	146,775	163,846
Marketable securities	2,194	-
Non-capital loss carry forwards	189,773	83,690
Share issue costs	7,895	7,640
Tax benefit unrecognized	(346,637)	(255,176)
Net deferred tax assets	-	-

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, 2018, the Company has unused non-capital losses of approximately $703,000 (December 31, 2017 – $348,000) of which $43,000 expire in 2036, $305,000 in 2037 and $355,000 in 2038.

As at December 31, 2018, the Company has unclaimed resource deductions in the amount of $2,657,466 (December 31, 2017 – $2,529,035), which may be deductible against future taxable income.

As at December 31, 2018, there are share issue costs totaling $29,241 (December 31, 2017 – $28,295), which have not been claimed for tax purposes.

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

10. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended December 31, 2018 and December 31, 2017 were comprised of the following:

	December 31, 2018	December 31, 2017
	$	$
Receivables and prepayments	14,614	(17,036)
Accounts payable and accrued liabilities	7,303	3,608
Accounts payable to related parties	(5,372)	(2,220)
Net Change	**16,545**	**(15,648)**

The Company incurred non-cash financing and investing activities during the years ended December 31, 2018 and December 31, 2017 as follows:

	December 31, 2018	December 31, 2017
	$	$
Non-cash financing activities:		
Share capital reduced by flow-through share premium	-	(37,955)
Contributed surplus on private placement warrants issued	65,293	-
Share capital reduced by private placement warrants issued	(65,293)	-
Share issue costs included in related party payables	8,500	-
Issue of share capital for optioned mineral property interests	26,500	327,000
	35,000	289,045
Non-cash investing activities:		
Option of mineral property interests by issue of share capital	(26,500)	(327,000)
Share proceeds on option of mineral property interest	53,750	-
Marketable securities acquired on option of mineral property interest	(53,750)	-
Deferred exploration expenditures included in accounts payable and related party payables	12,246	6,709
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	-	(37,777)
	(14,254)	(358,068)

During the years ended December 31, 2018 and December 31, 2017, no amounts were paid for interest or income tax expenses.

11. Financial risk management

Capital management

The Company is a resource exploration company and considers items included in shareholders' 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, 2018 is comprised of shareholders' equity of $2,428,236 (December 31, 2017 - $2,395,789).

11. Financial risk management (continued)

Capital management (continued)

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 (see note 1).

Financial instruments - fair value

The Company's financial instruments consist of cash, marketable securities, 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, 2018				
Cash	341,493	-	-	341,493
Marketable securities	37,500	-	-	37,500
	378,993	-	-	**378,993**
December 31, 2017				
Cash	480,008	-	-	480,008

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.

(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.

11. Financial risk management (continued)

Financial instruments- risk (continued)

(d) Market and currency risk

The Company is exposed to market risk because of fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on December 31, 2018 value of marketable securities, every 10% fluctuation in the share prices of these companies would impact profit or loss for the year, up or down, by approximately $3,750 (2017 – $nil) before income taxes.

12. Event after reporting period

On February 14, 2019, the Company entered into a Debt Settlement Agreement (the "Debt Settlement") with Silver Range whereby the Company issued a total of 200,000 common shares to settle an amount owing to Silver Range of $12,000. No gain or loss was recognized in connection with the Debt Settlement.