Bonanza Mining Corporation

(An Exploration Stage Corporation)

Financial Statements

For the period from commencement of operations
March 10, 2017 to December 31, 2017

Bonanza Mining Corporation
(An Exploration Stage Corporation)

Financial Statements

December 31, 2017

Crowe MacKay LLP
Member Crowe Horwath International

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Independent Auditor's Report

To the Shareholders of
Bonanza Mining Corporation

We have audited the accompanying financial statements of Bonanza Mining Corporation, which comprise the statement of financial position as at December 31, 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from commencement of operations on March 10, 2017 to December 31, 2017, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Bonanza Mining Corporation as at December 31, 2017 and its financial performance and its cash flows for the period from commencement of operations on March 10, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Bonanza Mining Corporation to continue as a going concern.

Crowe MacKay LLP

Calgary, Alberta
June 11, 2018

Chartered Professional Accountants

Bonanza Mining Corporation
(An Exploration Stage Corporation)

Statement of Financial Position

December 31,		**2017**
Assets		
Current		
Cash	**$**	**5,382**
GST receivable		**574**
METC receivable		**44,602**
Due from officer (note 6)		**1,593**
		52,151
Exploration and evaluation assets (note 5)		**321,378**
	$	**373,529**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	**$**	**33,028**
Deferred income taxes (note 10)		**15,000**
		48,028
Shareholders' Equity		
Share capital (note 7)		**324,740**
Contributed surplus (note7)		**15,976**
Deficit		**(15,215)**
		325,501
	$	**373,529**

Nature of operations and going concern (note 2)
Subsequent events (note 12)

Approved on behalf of the Board:

(Signed) "Andrew S. Burgess", Director

(Signed) "Christopher Graf", Director

Bonanza Mining Corporation
(An Exploration Stage Corporation)

Statement of Loss and Comprehensive Loss

Period ended December 31,		**2017**
Expenses		
Professional fees	**$**	**9,664**
Incorporation costs		**2,336**
Office		**3,383**
Travel and meals		**132**
Loss before other items		**(15,515)**
Other items		
Other income (note 7)		**15,300**
Loss before income taxes		**(215)**
Deferred income tax (note 10)		**15,000**
Net loss and comprehensive loss	**$**	**(15,215)**
Basic and diluted loss per share	**$**	**(0.00)**
Weighted average number of common shares outstanding		**3,765,152**

Bonanza Mining Corporation
(An Exploration Stage Corporation)

Statement of Changes in Shareholders' Equity

	Number of Shares	Share capital	Contributed Surplus	Deficit	Total Equity
Balance, as at March 10, 2017	-	$ -	$ -	$ -	$ -
Shares issued on private placement	**4,920,001**	**267,000**			**267,000**
Flow-through shares issued on private placement	**765,000**	**91,800**			**91,800**
Flow-through share premium		**(15,300)**			**(15,300)**
Shares issued for option payments	**300,000**	**30,000**			**30,000**
Share issue costs		**(48,760)**	**15,976**		**(32,784)**
Net loss and comprehensive loss				**(15,215)**	**(15,215)**
Balance, as at December 31, 2017	**5,985,001**	**$ 324,740**	**$ 15,976**	**$(15,215)**	**$ 325,501**

Bonanza Mining Corporation
(An Exploration Stage Corporation)

Statement of Cash Flows

For the period ended December 31,		**2017**
Cash provided by (used in):		
Operating activities		
Net loss for the period	$	(15,215)
Other income		(15,300)
Deferred income tax expense		15,000
Non-cash working capital items		
Due from officer		(1,593)
GST receivable		(574)
Accounts payable and accrued liabilities		28,028
		10,346
Investing activities		
Exploration and evaluation expenditures		(320,980)
Property acquisition costs		(15,000)
Non-cash working capital items		5,000
		(330,980)
Financing activities		
Issuance of share capital		358,800
Share issue costs		(32,784)
		326,016
Increase in cash		5,382
Cash, beginning of period		-
Cash, end of period	$	5,382
Supplemental cash flow information:		
Non-cash transactions:		
Flow-through share premium	$	15,300
Mineral exploration tax credits	$	44,602
Shares issued for mineral property option payments	$	30,000
Broker warrants issued for share issue costs	$	15,976

1. Incorporation

Bonanza Mining Corporation ("Bonanza" or the "Corporation") was incorporated under the Business Corporation Act (British Columbia) on February 10, 2017 and extra-provincially registered in Alberta pursuant to the Business Corporations Act (Alberta) on March 10, 2017. Bonanza is in the business of acquiring, exploring and developing mineral properties, primarily in the province of British Columbia. The Company has not generated significant revenues from operations and is an exploration stage corporation.

The address of the Corporation's registered and records office is Suite 1710, 1177 West Hastings Street, Vancouver, BC., V6E 2L3. The head office of the Corporation is located at 255, 339 – 50th Avenue S.E., Calgary, Alberta, T2G 2B3.

2. Nature of operations and going concern

These financial statements have been prepared on the assumption that the corporation will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Corporation is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. Recovery of the capitalized costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production, selling or optioning its mineral properties. There is no assurance that the Corporation will be able to secure financings now or in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Corporation be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Corporation's assets and liabilities on a liquidation basis could be material to these financial statements.

3. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as at December 31, 2017.

Approval of financial statements

The financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 11, 2018.

Basis of measurement

The financial statements of the Corporation have been prepared on an accrual basis and are based on historical costs, modified where applicable. The policies applied in these financial statements are based on IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as of December 31, 2017, the date the Board of Directors approved the statements.

4. Summary of significant accounting policies

(a) Earnings (loss) per share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(b) Revenue recognition

Interest income is recorded as earned.

(c) Share-based payments

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

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

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

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

4. Summary of significant accounting policies (continued)

(c) Share-based payments (continued)

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

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

(d) Share capital

Common shares care classified as equity. Costs directly attributable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as financing costs. These costs will be deferred until the issuance of the shares to which the costs related, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

The Company has adopted the 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 Corporation 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 announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(e) Flow-through shares

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

4. Summary of significant accounting policies (continued)

(f) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

(g) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements may include estimates which, by their nature, are uncertain. The impacts of such estimates could be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Significant estimates and judgments used in the preparation of the financial statements include, but are not limited to, those areas discussed below:

i. Share-based payments

Amounts recorded for share-based compensation, including broker warrants, are calculated using the expected volatility based on a peer group of companies, which may not be indicative of future volatility. Accordingly, those amounts are subject to measurement uncertainty.

ii. Exploration and evaluation costs

The Corporation's accounting policy for exploration and evaluation costs results in certain items being capitalized with the intent to establish commercially viable reserves. The Corporation is required to make estimates and judgments about the future events and circumstances regarding the economic viability of extracting the underlying resource. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Unsuccessful drilling, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important factors when making this determination. If a judgment is made that the extraction of resources is not viable, the associated exploration and evaluation costs are impaired and charged to comprehensive income or loss.

iii. Deferred taxes

Deferred tax assets are recognized when it is considered probable that unused tax losses, tax credits and deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Corporation's estimate, the ability of the Corporation to realize the deferred tax asset could be impacted.

Deferred tax liabilities are recognized for taxable temporary differences. The Corporation records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Corporation's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdiction which the Corporation operates.

4. Summary of significant accounting policies (continued)

(h) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the income statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probably that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- The initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit.
- Investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.
- Goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

4. Summary of significant accounting policies (continued)

(i) Mineral exploration and evaluation expenditures

Exploration costs incurred before the Corporation has the legal rights to explore a specific area are expensed in the period in which they are incurred.

The Corporation capitalizes costs incurred to acquire, explore for and evaluate mineral resources, once the legal right to explore a property has been acquired. These expenditures are included in the mineral properties classification within the Corporation's Statement of Financial Position. Once the technical feasibility and commercial viability of a mineral resource is determined, the development costs are capitalized until the properties are placed into production, become inactive, are assessed as impaired or are sold or abandoned. Capitalized mineral property costs will be amortized over the estimated useful lives of the properties following the commencement of production or written-off if the properties are sold, become inactive or abandoned. The costs of mineral properties include any fair market value of consideration, including cash and shares, if any, on the acquisition of property interests. The amounts of property acquisition costs and their related deferred exploration, evaluation and development costs represent actual expenditures incurred and are not intended to reflect present or future values.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

The Corporation assesses its mineral properties for impairment whenever facts and circumstances suggest that the carrying amount is not recoverable and at the end of each reporting period. Impairment is considered at the cash-generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets which are the projects.

The Corporation assesses its mineral properties for impairment whenever facts and circumstances suggest that the carrying amount is not recoverable and at the end of each reporting period. Impairment is considered at the cash-generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets which are the projects.

The Corporation considers the conditions listed in IFRS 6, *Exploration and Evaluation of Mineral Resources* in determining whether the carrying value of its mineral properties is not recoverable, such as loss of the rights to explore an area, poor exploration results or abandonment of work program. If any such conditions exist, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment.

(j) Impairment of non-financial assets

Impairment tests on other non-financial assets are subject to tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written-down accordingly.

4. Summary of significant accounting policies (continued)

(j) Impairment of non-financial assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss to the extent they reverse gains or losses previously recognized in other comprehensive income or loss.

(k) Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Corporation has classified each financial instrument into one of the following categories:(1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Fair value hierarchy
The Corporation uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

(i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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

(iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash has been measured at fair value using Level 1 inputs.

The Corporation has classified its cash as at FVTPL. Accounts receivables, due from officer, GST receivable and METC receivable are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost.

Unless otherwise disclosed their carrying, values approximate their fair values due to the short-term nature of these instruments.

4. Summary of significant accounting policies (continued)

(l) New and future accounting pronouncements

The Corporation adopted the following pronouncements as issued by the International Accounting Standards Board (IASB). The adoption of these standards did not have a material impact on the Corporation's financial statements.

Amendments to IAS 7 Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The following accounting standards and amendments are effective for future periods. The Corporation has assessed the impact of these new standards and has determined that the adoption of the future accounting standards and amendments will not have a material impact on the financial statements.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

These amendments are effective for reporting periods beginning on or after January 1, 2018.

4. Summary of significant accounting policies (continued)

(l) Future accounting pronouncements (continued)

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019. The Corporation is still assessing the impact that the adoption of this new standard will have on its financial statements.

5. Exploration and evaluation assets

In March 2017, the Corporation ("Optionee") entered into agreements to acquire, from the owners ("Optionor"), a 100% interest in two sets of mineral claims covering approximately 2,130 hectares located in the Skeena Mining Division of Stewart, British Columbia (the "MC1 & 2 Property") and the ("Mills Claims").

The terms of the acquisition are as follows:

MC 1&2 Property – (Claims 567077 & 526194 – Rock of Ages/Dalhousie Property)

Year	Cash payments	Share consideration (number of shares)
On signing	$ 15,000	75,000
1st anniversary	25,000	100,000
2nd anniversary	35,000	100,000
3rd anniversary	-	200,000

The above payments are optional by the optionee. The optionor retains a 2% NSR in the respective claims, of which a 1% NSR can be purchased by the optionee for $1.0 million. The Corporation has made the initial cash and common share payments (note 7) due on signing. See subsequent events (note 13) for payments made subsequent to year-end.

In 2017, the Corporation completed a $100,000 exploration program on the MC 1&2 Property as required by the agreement governing this property.

Mills Claims - Mineral Claims 1043653,1049356,1045262,1044145,1048807, 1050492 & 1042018.

Year	Cash Payments	Share consideration (number of shares)
On signing	$ -	225,000
1st anniversary	25,000	100,000
2nd anniversary	35,000	100,000
3rd anniversary	-	200,000

The above payments are optional by the optionee. The vendor retains a 2% NSR in the respective claims, of which a 1% NSR can be purchased by the optionor for $1.0 million.

5. Exploration and evaluation assets (continued)

A summary of the capitalized acquisition and exploration expenditures on the Corporation's exploration and evaluation assets for the period ending December 31, 2017 are as follows:

	MC 1 & 2	Mills Claims	Total
Acquisition costs:			
Balance, beginning of period	$ -	$ -	$ -
Additions	25,000	25,000	50,000
Balance, end of period	25,000	25,000	50,000
Exploration costs:			
Balance, beginning of period	-	-	-
Salary and wages	51,141	-	51,141
Geophysics survey	183,621	-	183,621
Helicopter support	51,847	-	51,847
Soil and rock sampling	19,006	-	19,006
Assaying and testing	7,421	-	7,421
Permitting	1,964	-	1,964
Maps	980	-	980
Mineral Exploration Tax Credit	(44,602)	-	(44,602)
Balance, end of period	271,378	-	271,378
Balance at December 31, 2017	**$ 296,378**	**$ 25,000**	**$ 321,378**

6. Related party transactions

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. Related party transactions are disclosed below, unless they have been disclosed elsewhere in the financial statements.

The Corporation paid $2,000 to a relative of an officer of the Corporation for website and internet services.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel include the Corporation's executive officers and Board of Director members.

6. Related party transactions (continued)

Key management personnel (continued)

The aggregate amount of expenditures paid or payable to key management personnel was as follows:

	2017
Salary	$ 50,000

Salary paid to key management personnel has been capitalized to exploration and evaluation assets.

As at December 31, 2017, $1,593 was owing to the Corporation from an officer and director in respect of funds advanced.

7. Share capital

(a) Authorized

Unlimited number of common shares, without par value

(b) Issued and outstanding common shares

	2017	
	Number	**Amount**
Balance, March 10, 2017	-	$ -
Issued on private placement to insiders	2,500,001	25,000
Issued for property option payments	300,000	30,000
Issued on private placement	2,420,000	242,000
Flow-through shares issued on private placements	765,000	91,800
Flow-through share premium	-	(15,300)
Share issue costs	-	(48,760)
Balance, December 31, 2017	**5,985,001**	**$ 324,740**

During the period ended December 31, 2017, the Corporation completed the following private placements:

- Issuance of one common share upon incorporation at a price of $0.01;
- Issuance of 2,500,000 common shares at a price of $0.01 per share for total proceeds of $25,000 received in cash;
- Issuance of 2,420,000 common shares at a price of $0.10 per share for gross proceeds of $242,000 and 765,000 common shares on a flow-through basis at a price of $0.12 per share for gross proceeds of $91,800;
- Issuance of 75,000 common shares at a price of $0.10 per share for a gross value of $7,500 with respect to property option payments (note 5); and
- Issuance of 225,000 common shares at a price of $0.10 per share for a gross value of $22,500 with respect to property option payments (note 5).

7. Share capital

(b) Issued and outstanding common shares (continued)

A flow-through premium liability of $0.02 per share (equal to the difference between the cost of a flow-through share and the cost of a common share) has also been recorded to recognize the sale of tax deductions for a total premium liability of $15,300. At December 31, 2017, the Corporation had spent a total of $91,800 in qualifying flow-through expenditures resulting in other income of $15,300 for the period then ended.

(c) Warrants

	2017	
	Number of warrants	**Weighted average exercise price**
Balance, March 10, 2017	-	$ -
Issued to brokers on private placements	238,800	0.104
Balance, December 31, 2017	**238,800**	**$ 0.104**

In connection with the private placements 238,800 broker warrants were issued, of which 193,600 are exercisable at a price of $0.10 per common share and 45,200 are exercisable at a price of $0.12 per share, for a period expiring two years from the date the shares of the Company are listed for trading on a recognized securities exchange. The broker warrants have been valued at $15,976 using the Black Scholes option pricing model with the following assumptions: market price of $0.10; term of three years; volatility of 112.54%; dividend rate of nil per share and discount rates varying from 0.71% to 1.25%.

(d) Contributed surplus

	2017
Balance, March 10, 2017	**$ -**
Value of broker warrants issued	**15,976**
	$ 15,976

8. Financial instruments

As at December 31, 2017, the Corporation's financial instruments consist of cash, due from an officer, GST receivable, METC receivable and accounts payable and accrued liabilities. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses. These financial instruments are classified as follows:

- Cash and cash equivalents – fair value through profit and loss
- Due from officer – loans and receivables
- GST receivable – loans and receivables
- METC receivable – loans and receivables
- Accounts payable and accrued liabilities – other financial liability

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is small.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents are exposed to credit risk; however, the risk is deemed negligible because the counterparty is a highly rated bank.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's cash and cash equivalents are exposed to interest rate risk as the Corporation invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's accounts payable and accrued liabilities are all current and due within 90 days of the statement of financial position date. The Corporation ensures that it has sufficient capital to meet short term financial obligations after taking into account cash and cash equivalents on hand.

9. Capital management

The Corporation's objectives when managing capital are:

- To safeguard the Corporation's ability to continue as a going concern;
- To maintain appropriate cash reserves on hand to meet ongoing operating costs; and
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Corporation includes shareholders' equity, accounts payable and accrued liabilities in the definition of capital. The Corporation manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

10. Income taxes

(i) Income tax expense

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

		2017
Loss before income taxes	$	(215)
Statutory income tax rate		26.0%
Expected income tax (recovery)		-
Increase (decrease) in income taxes resulting from:		
Share issue costs	$	(9,000)
Renunciation of flow-through exploration expenditures		24,000
Income tax expense (recovery)	$	15,000

(ii) Deferred income taxes

The temporary differences that give rise to deferred income tax assets and liabilities are as follows:

		2017
Deferred income tax assets (liabilities)		
Exploration and evaluation assets	$	(24,000)
Share issue costs		7,000
Non-capital losses		2,000
Deferred income tax assets (liabilities)	$	15,000

10. Income taxes (continued)

iii) Tax pools

The significant components of deductible and taxable temporary differences, unused tax deductions that have not been included on the statement of financial position are as follows:

	2017	Expiry dates
Exploration and evaluation assets	**$ 230,000**	
Share issue costs	**26,000**	2023
Non-capital losses	**7,000**	2027
	$ 263,000	

11. Accounts payable and accrued liabilities

	2017
Trade accounts payable	**$ 17,426**
Accrued liabilities	**8,000**
Payroll deductions payable	**7,602**
	$ 33,028

12. Subsequent events

On April 27, 2018 the Corporation, (the “Optionee”), entered into an agreement with C. Graf, an officer and director of the Corporation, (the “Optionor”), to acquire a 100% interest in three mineral claim tenures collectively described as the Shag Claims subject to a royalty of 3.0% of the net smelter returns in favour of the optionor.

The Shag Claims consist of 3 mineral claim tenures named Shag 1 (claim tenure # 1060276), Shag 2 (claim tenure # 1049552) & Shag Mag (claim tenure # 1057963). The Shag 1 claim consists of 83 mineral claim units and covers an area of 2,075 hectares (20.75 square km). The Shag 2 claim adjoins the Shag 1 claim and consists of 7 mineral claim units that covers an area of 175 hectares (1.75 square km). The Shag Mag claim does not adjoin the other 2 claims and it consists of 24 mineral claim units that cover an area of 600 hectares (6 square km).
The terms of the option are as follows:

Anniversary Date	Cash payments	Share consideration (number of shares)	Cumulative work commitments
On execution:	$15,000	75,000	-
First anniversary:	$25,000	100,000	50,000
Second anniversary:	$35,000	100,000	$200,000
Third anniversary:	$50,000	200,000	$500,000
Fourth anniversary:	-	200,000	$1,000,000

12. Subsequent events (continued)

The Optionee has the right at any time up to six (6) months following the commencement of commercial production from a mine within the Shag Claims to purchase 50% of the royalty for $1,000,000.

The Corporation has made the cash payment of $15,000 and has issued the 75,000 common shares due on execution of the agreement.

Subsequent to year-end, the Corporation issued a total of 200,000 common shares in respect of the MC 1&2 and Silver Bar option agreements (note 5). The Corporation also received extensions from both the MC 1&2 and Silver Bar optionors to extend the due date of the required cash payments to August 31, 2018.