Consolidated Financial Statements

AVIDIAN GOLD CORP.

For the years ended June 30, 2018 and 2017

(Expressed in US dollars)

AVIDIAN GOLD CORP.
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Avidian Gold Corp.:

We have audited the accompanying consolidated financial statements of Avidian Gold Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Avidian Gold Corp. and its subsidiaries as at June 30, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
September 27, 2018

AVIDIAN GOLD CORP.
Consolidated Statements of Financial Position
As at June 30, 2018 and 2017
(Expressed in US Dollars)

	2018	2017
	$	$
Assets		
Current		
Cash	**1,921,582**	856,818
Amounts receivable and prepaids	**101,117**	224,666
Total current assets	**2,022,699**	1,081,484
Non-current assets		
Equipment (Note 7)	**154,618**	63,380
Reclamation bond receivable (Note 16)	**-**	27,080
Mineral exploration interests (Note 6)	**497,813**	497,813
Total assets	**2,675,130**	1,669,757
Liabilities		
Current		
Trade payables and accrued liabilities	**527,236**	491,710
Decommissioning liability (Note 16)	**-**	28,600
Convertible debenture (Note 13)	**1,018,551**	-
Total current liabilities	**1,545,787**	520,310
Non-current liabilities		
Warrant liability (Note 9)	**1,023,168**	262,759
Convertible debenture (Note 13)	**-**	616,514
Total liabilities	**2,568,955**	1,399,583
Shareholders' Equity		
Issued capital (Note 8(b))	**9,302,284**	6,210,598
Share-based payment reserve (Note 8(c))	**103,795**	-
Deficit	**(9,299,904)**	(5,940,424)
Total shareholders' equity	**106,175**	270,174
Total liabilities and shareholders' equity	**2,675,130**	1,669,757

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 6, 14 and 17)
SUBSEQUENT EVENTS (Note 19)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by David C. Anderson, Director

Original signed by Dino Titaro, Director

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Operations and Comprehensive Loss
Years ended June 30, 2018 and 2017
(Expressed in US Dollars)

	2018	2017
	$	$
Operating Expenses		
Exploration and evaluation expenditures (Note 14)	**2,101,501**	2,131,448
General and administrative (Note 12)	**432,493**	308,994
Foreign exchange (gain) loss	**(59,506)**	38,853
Convertible debenture interest (Note 13)	**17,710**	49,985
Accretion (Note 13)	**40,538**	51,104
Gain on settlement of debt	**-**	(9,423)
Gain on sale of equipment	**-**	(2,521)
Public listing expense (Note 3)	**403,652**	-
Share-based compensation (Note 8(c))	**32,714**	-
Unrealized loss on warrant revaluation (Note 9)	**5,320**	-
Unrealized loss on conversion feature (Note 13)	**385,058**	380,700
Net loss and comprehensive loss for the period	**3,359,480**	2,949,140
Net loss per share - basic and diluted (Note 10)	**0.07**	0.08
Weighted average number of shares outstanding - basic and diluted (Note 10)	**48,596,093**	36,015,599

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.

Consolidated Statements of Change in Shareholders' Equity

Years ended June 30, 2018 and 2017

(Expressed in US Dollars)

	Number of shares	**Share capital**	**Share-Based Payment Reserve**	**Deficit**	**Shareholders' Equity**
		$	$	$	$
Balance June 30, 2016	**23,459,394**	**3,037,120**	**338,920**	**(2,991,284)**	**384,756**
Net loss and comprehensive loss for the period	-	-	-	(2,949,140)	(2,949,140)
Options exercised (Note 8(c))	4,989,055	555,571	(338,920)	-	216,651
Shares issued on debenture conversion (Note 13)	5,013,825	422,488	-	-	422,488
Shares issued for accrued interest on debentures converted (Note 13)	401,106	33,070	-	-	33,070
Shares for property acquisition (Note 14)	4,025,807	708,631	-	-	708,631
Shares issued for services (Note 8(b))	207,373	24,911	-	-	24,911
Private placement, net of issue costs (Note 8(b))	6,458,525	1,691,566	-	-	1,691,566
Value of warrants issued under private placement (Note 9)	-	(262,759)	-	-	(262,759)
Balance June 30, 2017	**44,555,085**	**6,210,598**	**-**	**(5,940,424)**	**270,174**
Net loss and comprehensive loss for the period	-	-	-	(3,359,480)	(3,359,480)
Private placement, net of issue costs (Note 8(b))	9,857,857	3,418,365	33,178	-	3,451,543
Value of warrants issued under private placement (Note 9)	-	(773,865)	-	-	(773,865)
Share-based compensation (Note 8(c))	-	-	32,714	-	32,714
Shares and options issued for reverse acquisition (Note 3)	1,410,001	372,186	37,903	-	410,089
Shares for property acquisition (Note 14)	207,813	75,000	-	-	75,000
Balance June 30, 2018	**56,030,756**	**9,302,284**	**103,795**	**(9,299,904)**	**106,175**

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Cash Flows
Years ended June 30, 2018 and 2017
(Expressed in US Dollars)

	2018	2017
	$	$
Operating activities		
Net loss for the period	**(3,359,480)**	(2,949,140)
Items not involving cash:		
Amortization (Note 7)	**23,306**	2,163
Accretion	**40,538**	51,104
Options exercised for services	**-**	16,034
Unrealized foreign exchange gain	**(4,240)**	155
Gain on settlement of debt	**-**	(9,423)
Gain on sale of equipment	**-**	(2,521)
Unrealized loss on warrant revaluation	**5,320**	-
Unrealized loss on conversion feature	**385,058**	380,700
Shares issued for property acquisition	**75,000**	708,631
Shares issued for settlement of interest	**-**	33,070
Shares issued for services	**-**	24,911
Public listing expense	**403,652**	-
Share-based compensation	**32,714**	-
	(2,398,132)	(1,744,316)
Changes in non-cash working capital		
Decrease (increase) in amounts receivable and prepaids	**123,549**	(199,935)
Increase in trade payables and accrued liabilities	**35,526**	438,339
Change in non-cash operating working capital	**159,075**	238,404
Net cash flows from operating activities	**(2,239,057)**	(1,505,912)
Investing activities		
Purchase of equipment	**(114,544)**	(64,458)
Sale of equipment	**-**	2,917
Net cash flows from investing activities	**(114,544)**	(61,541)
Financing activities		
Proceeds from issuance of shares	**3,603,380**	1,717,907
Share issue costs	**(185,015)**	(26,341)
Exercise of stock options	**-**	200,617
Net cash flows from financing activities	**3,418,365**	1,892,183
Increase in cash	**1,064,764**	324,730
Cash, beginning of period	**856,818**	532,088
Cash, end of period	**1,921,582**	856,818

Supplemental information

Shares issued on reverse takeover	**$ 372,186**	$ -
Options issued on reverse takeover	**37,903**	-
Shares issued on debt conversion	**-**	422,488

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Avidian Gold Corp., formerly Marching Moose Capital Corp. ("Avidian" or the "Corporation") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on September 24, 2013. The Corporation's principal business activity is mineral exploration. The registered head office of the Corporation is located at 390 Bay Street, Suite #806, Toronto, Ontario, M4H 2Y2. The Corporation was a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of the TSXV.

Pursuant to the terms of an amalgamation agreement dated on March 13, 2017 and amended on April 13, 2017, June 23, 2017, August 24, 2017, and November 17, 2017 between Marching Moose Capital Corp., Avidian Gold Incorporated (AGI), and MMC Amalco Ltd. (Subco), a wholly owned subsidiary of Marching Moose Capital Corp., AGI and Subco amalgamated under the Business Corporations Act (British Columbia) to form a new company and will carry on the business previously carried on by AGI as a subsidiary of the Corporation. As compensation, each holder of AGI common shares received one common share of the Corporation for every 2.17 AGI common shares held at the date of the completion of the transaction.

On December 1, 2017, the Corporation completed its Qualifying Transaction ("Transaction"). Upon closing, Avidian Gold Incorporated shareholders held approximately 97.1% of the outstanding shares of the Corporation. In substance, the Transaction involves Avidian Gold Incorporated shareholders obtaining control of the Corporation and accordingly the Transaction is considered to be a reverse takeover transaction ("RTO") with the Corporation. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3") since the Corporation, prior to the acquisition did not constitute a business. Upon completion of the Amalgamation, there were 49,358,058 Common Shares issued and outstanding. The transaction is accounted for in accordance with IFRS 2 Share-based Payments whereby Avidian Gold Incorporated is deemed to have issued shares and share purchase warrants in exchange for the net assets of the Corporation together with its listing status at the fair value of the consideration received by Avidian Gold Incorporated. The consolidated financial statements of the combined entities are issued under the legal parent, Avidian Gold Corp. (formerly Marching Moose Capital Corp.), but are considered a continuation of the financial statements of the legal subsidiary, Avidian Gold Incorporation. Since Avidian Gold Incorporated is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values. Additional information on the Transaction is disclosed in Note 3.

Avidian is in the business of acquiring and exploring gold projects. As of June 30, 2018, the Corporation has acquired the rights to explore four gold properties in the United States of America and has acquired all the issued and outstanding shares of High Tide Resources Inc. which holds the right to explore a volcanogenic massive sulfide ("VMS") property in Newfoundland, Canada.

The consolidated financial statements of the Corporation for the year ended June 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors on September 27, 2018. Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

1. DESCRIPTION OF BUSINESS AND GOING CONCERN (continued)

The Corporation's property interests are at an early stage of exploration and, in common with many exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Corporation has incurred a loss for the year ended June 30, 2018 of $3,359,480 and has an accumulated deficit of $9,299,904. Management believes it has sufficient working capital to support planned operations for the next 12 months. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Corporation. In the event that the Corporation is unable to secure further financing it may not be able to complete the development of a gold, copper and other mineral projects.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop gold, copper and other mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern, and such adjustments may be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Corporation's reporting for the year ended June 30, 2018.

Basis of presentation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information. These consolidated financial statements are based on historical costs except for those financial instruments carried at fair value and, except where otherwise stated, do not take into account changing money values, fair values of assets and liabilities or recoverable amounts. The policies set out below have been consistently applied to all periods presented.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Subsidiaries consists of entities over which the Corporation is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Corporation and its subsidiaries after eliminating inter-entity balances and transactions.

The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principal activity
Avidian Gold Corp. ("Avidian")	British Columbia, Canada	Parent Company
Avidian Gold Inc. ("Avidian Inc")(1)	Ontario, Canada	Operating Company
Avidian Gold US Inc.(2)(3) ("Avidian US")	Nevada, USA	Operating Company
Avidian Gold Alaska Inc.(2)(4) ("Avidian Alaska US")	Alaska, USA	Operating Company
High Tide Resources Inc. ("HTR").(2)(5)	Nova Scotia, Canada	Dormant Company

(1) 100% owned by Avidian Gold Corp.
(2) 100% owned by Avidian Gold Inc.
(3) Incorporated June 23, 2011
(4) Incorporated as at July 19, 2016
(5) Incorporated as at March 27, 2007

Presentation and functional currency

These consolidated financial statements are presented in the functional currency of United States dollars ("US"), the currency of the primary economic environment in which the Corporation is currently operating.

Critical accounting judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Functional currency determination</u>

The functional currency for the Corporation and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency is conducted through an analysis of the consideration factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates and may involve certain judgments to determine the primary economic environment. The Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. Significant changes to those underlying factors could cause a change to the functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Specifically the fair value of the conversion option component of the convertible debenture and warrant liability have significant measurement uncertainty. See Notes 9 and 13.

Share-based payments

Management is required to make certain estimates when determining the fair value of the share-based payments. These estimates affect the amount recognized as share-based compensation in the consolidated financial statements, and are based on expected volatility and the expected lives of the underlying stock options.

Impairment of mineral exploration interests

While assessing whether any indications of impairment exist for mineral exploration interests, consideration is given to both external and internal sources of information. Information the Corporation considers includes changes in the market, economic and legal environment in which the Corporation operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Corporation's mining properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's exploration interests.

Income, value added, withholding and other taxes

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income, value added, withholding and other taxes (continued)

The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

See Note 17.

Cash

Cash in the consolidated statement of financial position comprises cash at banks.

Financial instruments

The Corporation's financial assets are classified in the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. As at June 30, 2018 and 2017, the Corporation's financial assets are comprised of cash, accounts receivable, and reclamation bond receivable.

Financial assets at fair value through profit are carried at fair value. Gains and losses are reflected in the consolidated statements of loss and comprehensive loss.

Cash, accounts receivable, and reclamation bond receivable are classified as loans and receivables and are recognized initially at fair value and subsequently measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. The Corporation assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Corporation's financial liabilities consist of trade payables, accrued liabilities, convertible debenture and conversion option component of convertible debenture. Trade payables, accrued liabilities and convertible debenture are classified as other financial liabilities and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired. The Corporation's conversion option component of the convertible debenture is classified as fair value through profit and loss and are recognized initially at fair value and subsequently re-measured at fair value at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of mineral exploration interests through a business combination, which are capitalized as mineral exploration interests.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Amortization is recognized based on the cost of an item of equipment, over its estimated useful life. Amortization is calculated using the declining balance method at 20% per year.

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, at each financial position reporting date.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of operations and comprehensive loss.

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the consolidated statements of operations and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At the end of each reporting date, the Corporation assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined net of amortization or depreciation, had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the consolidated statements of operations and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from such contracts are lower than the unavoidable cost of meeting its obligations under the contracts.

Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for 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 reflect 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 a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, 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.

The Corporation has recorded a provision for $nil of restoration, rehabilitation and environmental costs as at June 30, 2018 (2017 - $28,600).

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Corporation's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in "other comprehensive income", in which case it is recognized in equity.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only 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 probable that a deferred tax asset will be recovered, it does not recognize the asset.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share capital note.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Compound financial instruments (debentures)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

For the Corporation's conversion option component that have an exercise price denominated in Canadian dollars, the conversion option component is accounted for as a derivative liability which is measured at fair value using the Black-Scholes valuation model. The liability component of a compound financial instrument is recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the conversion option component.

Any directly attributable transaction costs are allocated to the liability and conversion option components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The conversion option component of a compound financial instrument is subsequently revalued every reporting period using market-based valuation techniques. Gains and losses from changes in fair value are recorded in the consolidated statement of operations and comprehensive loss.

Segment reporting

The Corporation operates in a single reportable operating segment, the acquisition, exploration and development of gold projects.

Issued capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Warrant liability

Under IFRS, when the currency of the exercise price of non-share based payment warrants is different than the functional currency of the legal entity in which they were issued, the warrants are accounted for as a derivative warrant liability. For the Corporation's warrants that have an exercise price denominated in Canadian dollars, the issued Canadian dollar warrants are accounted for as a derivative warrant liability which is measured at fair value each reporting period using the Black-Scholes valuation model. Gains and losses from changes in fair value are recorded in the consolidated statement of operations and comprehensive loss.

The Corporation measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were granted and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model. This estimate also requires management to make assumptions about the most appropriate inputs to the valuation model including estimated fair value of the Corporation's common shares, the expected life of the warrants, volatility and dividend yield.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after July 1, 2018. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

Accounting changes

During the year ended June 30, 2018, the Corporation adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7, and IAS 12. These new standards and changes did not have any material impact on the Corporation's financial statements.

3. REVERSE TAKEOVER

On December 1, 2017, Marching Moose Capital Corp. completed its Qualifying Transaction ("Transaction"), pursuant to the terms of an amalgamation agreement dated on March 13, 2017 and amended on April 13, 2017, June 23, 2017, August 24, 2017, and November 17, 2017 between Marching Moose Capital Corp., MMC Amalco Ltd., and Avidian Gold Incorporated. The former shareholders of Avidian Gold Incorporated received a total of 47,948,057 or 97.1% of the post consolidated common shares of Marching Moose Capital Corp. for all the outstanding shares of Avidian Gold Corp.

The Transaction was a reverse takeover of Marching Moose Capital Corp. and has been accounted for under IFRS 2, Share-based payment. The value in excess of the net identifiable assets or obligations of the Corporation acquired on closing is expensed in the consolidated statement of comprehensive loss as a listing fee expense for the year ended June 30, 2018.

The public listing expense in the amount of $403,652 is comprised of the net working capital, the fair value of common shares and options of the Corporation retained by the former shareholders of the Corporation as well as other direct expenses of the Transaction. The options were attributed a fair value of $37,903 using the Black-Scholes option pricing model with the following assumptions: expected stock price volatility – 150%, expected life of options – 2.33 to 6.97 years, risk-free interest rate – 1.52% to 1.78%, exercise price CAD$0.30 per share, and expected dividend yield – 0%.

(Expressed in US dollars – except where otherwise indicated)

3. REVERSE TAKEOVER (continued)

The following represents management's estimate of fair value of share-based consideration and net assets acquired as a result of this Qualifying Transaction.

Value of consideration		
Shares	$	372,186
Options		37,903
		410,089
Net assets acquired		
Cash	$	9,450
Amounts receivable and prepaids		6,154
Trade payables and accrued liabilities		(9,167)
		6,437
Unidentified asset acquired		
Public listing expense		403,652
Total identifiable assets acquired and public listing expense	$	410,089

The corporation incurred $184,790 in legal fees in connection with the RTO transaction.

4. CAPITAL MANAGEMENT

When managing capital, the Corporation's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of gold resource assets.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. The Corporation considers its capital to be equity, which comprises issued capital, share-based payment reserve and deficit, which at June 30, 2018, totaled $106,175.

The Corporation invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Corporation is currently attempting to identify an economic gold resource and as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

4. CAPITAL MANAGEMENT (continued)

a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
b. minimizing discretionary disbursements; and
c. exploring alternative sources of liquidity.

In light of the above, the Corporation will continue to assess new properties if the Corporation believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is appropriate.

There were no changes in the Corporation's approach to capital management during the years ended June 30, 2018 and 2017. The Corporation is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2018, the Corporation believes it is compliant with the policies of the TSXV.

5. FINANCIAL RISK FACTORS

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk). Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2018 and June 30, 2017. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they become due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation.

5. FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

The Corporation generates cash flow primarily from its financing activities. As at June 30, 2018, the Corporation had cash of $1,921,582 to settle current liabilities of $1,545,787. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity. Of the current liabilities, only the accounts payable balance of $527,236 will be settled with cash. See Note 13 for details on the convertible debt.

All of the Corporation's current financial liabilities, except for the convertible debenture and warrant liability, as at June 30, 2018 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Interest rate risk

The Corporation has cash and cash equivalent balances subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in money market funds traded by its banking institutions. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are short-term, and the Corporation currently does not carry interest bearing debt at floating rates.

Foreign currency risk

The Corporation's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. As at June 30, 2018, the Corporation holds in cash the following amounts (reported in US$ currency) in Canadian (“CDN”) and US funds respectively: $1,916,119 and $5,463 (2017 - $676,840 and $179,798) and has convertible debt with a face value of CDN$250,000 and accrued interest of CDN$45,270 at June 30, 2018 (2017 – CDN$250,000).

Commodity price risk

The Corporation is exposed to price risk with respect to gold prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Corporation closely monitors gold prices to determine the appropriate course of action to be taken by the Corporation.

Sensitivity analysis

As of June 30, 2018 and 2017, both the carrying and fair value amounts of the Corporation's current financial instruments are approximately equivalent due to their short-term nature. The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible for the year ended June 30, 2018:

(i) As at June 30, 2018, if foreign exchange rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended June 30, 2018 would have changed by $1,485 as a result of lower/higher foreign exchange gains and losses on funds held in foreign currencies and reported shareholders' equity would also not have changed by a material amount.

(Expressed in US dollars – except where otherwise indicated)

5. FINANCIAL RISK FACTORS (continued)

Market risk (continued)

(ii) Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate because of changes in market prices. The fair value of the conversion option component of the Corporation's outstanding convertible debenture (see Note 13) is impacted by the current fair value of the Corporation's common shares. For the year ended June 30, 2018, a 10% increase/decrease in the fair value of the Corporation's common shares would result in an estimated increase/decrease in unrealized loss on conversion feature of $104,192.

(iii) Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. As of June 30, 2018, the Corporation was not a gold producer. As a result, gold price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At June 30, 2018 and 2017, the Corporation did not hold any financial assets in the fair value hierarchy.

At June 30, 2018 and 2017, the fair value of the Corporation's financial liabilities held at fair value, the option component of convertible debenture and warrant liability, is based on Level 3 measurements. There were no transfers in or out of level 3 during the years ended June 30, 2018 and 2017.

Level 3 Hierarchy

The key assumptions used in the valuation of the conversion option component of convertible debenture and warrant liability include (but are not limited to) the value at which a recent financing was done by the Corporation and share price volatility of comparable publicly traded companies.

For the conversion option component of convertible debenture and warrant liability valued based on market-based valuation technique, the inputs can be judgmental (See Note 13). A +/- 25% change in the fair value of these Level 3 liabilities as at June 30, 2018 will result in a corresponding +/- $473,000.

(Expressed in US dollars – except where otherwise indicated)

6. MINERAL EXPLORATION INTERESTS

On June 14, 2013, the Corporation entered into a share exchange agreement whereby the Corporation issued 11,228,137 common shares valued at $1,103,277 using the estimated fair value of the Corporation's common shares at the time of issue in exchange for all the issued and outstanding shares and warrants of High Tide Resources Inc. The transaction was determined to be a business combination. The allocation of the purchase price was determined using the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition. The fair value of the mineral exploration interests acquired was determined to be $497,813 on the date of acquisition.

HTR held a 100% interest in three mining licenses located in southwest Newfoundland (the "Strickland Property"), which it acquired from Quinlan Prospecting Limited on July 15, 2011 in exchange for 4,000,000 HTR common shares and subject to a 2% net smelter return royalty ("NSR"). The Corporation may purchase 1% of the NSR for CDN$1,000,000 and another 0.5% for an additional CDN$1,000,000.

During the year ended June 30, 2016, two mining licenses were cancelled that did not contain claims that were deemed essential to the property block. The remaining license is in good standing and requires exploration expenditures of CDN$2,000 prior to April 2019. Management has assessed that the property has not been impaired because the core focus is located on the remaining claim.

7. EQUIPMENT

Cost	Equipment
Balance, June 30, 2016	$ 4,287
Additions	64,458
Disposals	(4,287)
Balance, June 30, 2017	64,458
Additions	114,544
Disposals	-
Balance, June 30, 2018	$ 179,002
Amortization and impairment	**Equipment**
Balance, June 30, 2016	$ 2,806
Amortization	2,163
Disposals	(3,891)
Balance, June 30, 2017	1,078
Amortization	23,306
Disposals	-
Balance, June 30, 2018	$ 24,384
Carrying amounts	
Balance, June 30, 2017	$ 63,380
Balance, June 30, 2018	$ 154,618

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, with no par value.

(b) Issued

(i) On August 31, 2016, the Corporation issued 23,041 shares valued at CDN$0.217 (US$0.163) per share and 115,207 shares valued at CDN$0.109 (US$0.084) per share for a total value of CDN$17,500 (US$13,435) for professional services. A total of 115,207 shares were issued to officers of the Corporation.

(ii) On September 14, 2016, the Corporation completed a private placement for 921,658 common shares offered at a price of CDN$0.109 (US$0.083) per share for total gross proceeds of CDN$100,000 (US$76,243). This private placement was subscribed for by a director of the Corporation.

(iii) In December 2016, the Corporation completed a private placement for 834,103 common shares offered at a price of CDN$0.326 (US$0.243) per share for total gross proceeds of CDN$271,500 (US$203,612).

(iv) On January 25, 2017, the Corporation issued 69,125 shares valued at CDN$0.217 (US$0.166) per share for a total value of CDN$15,000 (US$11,475).

(v) In February 2017, the Corporation completed a private placement for 1,230,414 common shares offered at a price of CDN$0.326 (US$0.243) per share for total gross proceeds of CDN$400,500 (US$302,228).

(vi) In September 2016, the Corporation issued a total of 3,571,314 shares valued at CDN $0.217 (US$0.167) for a total value of CDN$775,000 (US $596,154) pursuant to certain property agreements. See Note 14.

(vii) During the year ended June 30, 2017, the Corporation issued 4,989,055 shares for the exercise of options. See Note 8(c).

(viii) During the year ended June 30, 2017, the Corporation issued 5,414,931 shares for the conversion of the convertible debentures and accrued interest. See Note 13.

(ix) On January 15, 2017, the Corporation issued 454,493 shares valued at CDN$0.326 (US$0.247) for a total value of CDN$147,938 (US$112,477) pursuant to the Golden Zone property agreement. See Note 14.

(x) In June 2017, the Corporation closed the first two tranches of a private placement for 3,472,350 units offered at a price of CDN$0.434 (US$0.328) per unit for total gross proceeds of CDN$1,507,000 (US$1,135,824). Each unit is comprised of one common share of the Corporation and one-half of a common share purchase warrant. Each whole warrant is exercisable into one common share at a price per common share of CDN$0.76 (US$0.584) at any time prior to the date that is 24 months from the closing date.

(xi) In August 2017, the Corporation closed the final five tranches of a private placement for 3,392,857 units offered at a price of CDN$0.434 (US$0.328) per unit for total gross proceeds of CDN$1,472,500 (US$1,167,045). Each unit is comprised of one common share of the Corporation and one-half of a common share purchase warrant. Each whole warrant is exercisable into one common share at a price per common share of CDN$0.76 (US$0.584) at any time prior to the date that is 24 months from the closing date. Officers and directors of the Corporation subscribed for 172,811 units for gross proceeds of $75,000.

8. SHARE CAPITAL (continued)

(b) Issued (continued)

(xii) Former shareholders of Marching Moose Capital Corp. held 1,410,001 common shares following the Qualifying Transaction. On December 1, 2017 the Corporation consolidated its common shares, options and warrants on the basis one (1) post-consolidation common share, option or warrant for each 2.17 pre-consolidation common shares, options or warrants. All common share, option and warrant prices referenced in these consolidated financial statements have been adjusted to reflect the post-consolidation amounts.

(xiii) On January 15, 2018, the Corporation issued 207,813 shares valued at CDN$0.45 (US$0.361) for a total value of CDN$93,599 (US$75,000) pursuant to the Golden Zone property agreement. See Note 14.

(xiv) On June 28, 2018, the Corporation completed a private placement for 6,465,000 common shares offered at a price of CDN$0.50 (US$0.377) per unit for total gross proceeds of CDN$3,232,500 (US$2,436,335). Each unit is comprised of one common share of the Corporation and one-half of a common share purchase warrant. Each whole warrant is exercisable into one common share at a price per common share of CDN$0.76 (US$0.573) at any time prior to the date that is 24 months from the closing date. Officers and directors of the Corporation subscribed for 1,000,000 units for gross proceeds of $500,000.

(c) Share-based payment reserve

On April 30, 2015, the Corporation granted 1,152,074 stock options to an officer of the Corporation to purchase 1,152,074 common shares of the Corporation at an exercise price of CDN$0.054 (US$0.046) per share expiring on April 30, 2020. The vesting terms of these options were as follows: 230,414 on the day of grant, 460,830 on April 30, 2016 and 460,830 on April 30, 2017. The options were valued at $102,500 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 1.05%. A total of 921,660 of these options were forfeited in the year ended June 30, 2016 upon resignation of the officer. A reversal of $7,349 of share based compensation was recorded in the year ended June 30, 2016 in relation to the forfeited options. During the year ended June 30, 2017 a total of 57,604 options were exercised, no cash was received as the consideration was exploration and evaluation services rendered in the amount of $2,375. The remaining 172,810 options were exercised for total cash proceeds of $6,949.

On June 1, 2015, the Corporation granted 46,083 stock options to a consultant of the Corporation to purchase 46,083 common shares of the Corporation at an exercise price of CDN$0.054 (US$0.043) per share for five years. These options vested immediately. These options were valued at $3,267 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 0.90%. During the year ended June 30, 2017 the 46,083 options were exercised for total cash proceeds of $1,853.

8. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)

On November 16, 2015, the Corporation granted 4,608,295 stock options to officers, directors, and consultants of the Corporation to purchase 4,608,295 common shares of the Corporation at an exercise price of CDN$0.054 (US$0.041) per share expiring on November 30, 2020. The options vested upon issuance. The options were valued at $310,401 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 1.05%. Share-based compensation expense of $310,401 was recorded in the year ended June 30, 2016 for these options of which $248,321 related to stock options granted to officers and directors of the Corporation. During the year ended June 30, 2017 the 4,521,889 options were exercised for total cash proceeds of $190,110 and 86,406 options were exercised for which the consideration was exploration and evaluation services rendered in the amount of $13,246.

On January 5, 2016, the Corporation granted a total of 101,382 stock options to property holders in lieu of the annual lease payment to purchase 101,382 common shares of the Corporation at an exercise price of CDN$0.022 (US$0.017) per share for two years. These options vested immediately. These options were valued at $6,940 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 2 years and a risk free rate of 0.94%. Share-based compensation expense of $6,940 was recorded in the year ended June 30, 2016 for these options. During the year ended June 30, 2017 the 101,382 options were exercised for total cash proceeds of $1,705.

On January 5, 2016, the Corporation granted a total of 11,520 stock options to a consultant of the Corporation to purchase 11,520 common shares of the Corporation at an exercise price of CDN$0.109 (US$0.084) per share for two years. These options vested immediately. These options were valued at $495 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 2 years and a risk free rate of 0.94%. Share-based compensation expense of $495 was recorded in the year ended June 30, 2016 for these options. During the year ended June 30, 2017 a total of 2,880 options were exercised, no cash was received as the consideration was exploration and evaluation services rendered in the amount of $413. The remaining 8,640 options were cancelled.

In connection with the Qualifying Transaction, the Corporation issued 300,000 stock options as compensation for sponsor services. These options were valued using the Black-Scholes pricing model with an expected volatility of 150%, an expected dividend yield of 0%, an expected life of 2 years and a risk free rate of 1.52%. Share-based compensation expense of $32,714 was recorded in the year ended June 30, 2018 for these options.

8. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)
Share based payment activity for the years ended June 30, 2018 and 2017 is summarized as follows:

	Number of stock options	Weighted average exercise price (CDN)
		$
Balance, June 30, 2016	**4,997,694**	**0.054**
Exercised	(4,989,054)	(0.054)
Forfeited	(8,640)	(0.109)
Balance, June 30, 2017	**-**	**-**
Deemed issuance (Note 3)	173,125	0.300
Granted	300,000	0.760
Balance, June 30, 2018	**473,125**	**0.591**

Summary of options outstanding as at June 30, 2018:

Options	Exercise price	Grant date fair value of options	Expiry date
#	CDN $	$	
300,000	0.76	32,714	December 1, 2019
117,976	0.30	23,952	April 1, 2020
55,149	0.30	13,951	November 19, 2024
473,125		70,617	

As of June 30 2018, all options outstanding are fully vested and exercisable. The weighted average remaining time to expiry for all outstanding options as of June 30, 2018 is 2.08 years.

9. WARRANT LIABILITY

In connection to the private placement closings, the warrants issued are exercisable in Canadian dollars. The fair value of these warrants is recorded as a warrant liability at the date of issuance. These warrants are revalued at each financial position reporting date with the corresponding change recorded as gain (loss) on warrant revaluation on the consolidated statement of operations and comprehensive loss.

(Expressed in US dollars – except where otherwise indicated)

9. WARRANT LIABILITY (continued)

The following table presents the reconciliation of the beginning and ending balances of the warrant liability:

	Warrant liability
	$
June 30, 2016	-
Warrant issuance	262,759
June 30, 2017	**262,759**
Warrant issuance	773,865
Warrant revaluation	5,320
Change in foreign exchange	(18,776)
June 30, 2018	**1,023,168**

The following is a summary of warrant activity for the years ended June 30, 2018 and June 30, 2017:

	June 30, 2018		June 30, 2017	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**1,736,175**	**0.76**	-	-
Granted in connection with private placements	**5,096,308**	**0.76**	1,736,175	0.76
Exercised during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Balance, end of year	**6,832,483**	**0.76**	1,736,175	0.76

a) In connection with the June 2017 private placement disclosed in Note 8, the Corporation issued 1,736,175 warrants. The grant date fair value of $262,759 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of comparable entities of 150%, a risk free interest rate of 0.88%, share price of CDN$0.336 and an expected maturity of 2 years. At June 30, 2018 the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 120%, a risk free interest rate of 0.73%, share price of CDN$0.52 and an expected maturity of 1.14 years.

(Expressed in US dollars – except where otherwise indicated)

9. WARRANT LIABILITY (continued)

b) In connection with the August 2017 private placement disclosed in Note 8, the Corporation issued 1,696,428 warrants. The grant date fair value of $266,308 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of comparable entities of 150%, a risk free interest rate of 0.88%, share price of CDN$0.336 and an expected maturity of 2 years. At June 30, 2018 the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 120%, a risk free interest rate of 0.73%, share price of CDN$0.52 and an expected maturity of 1.14 years.

c) In connection with the June 2018 private placement disclosed in Note 8, the Corporation issued 3,232,500 warrants. The grant date fair value of $507,557 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 120%, a risk free interest rate of 1.77%, share price of CDN$0.50 and an expected maturity of 2 years. At June 30, 2018 the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 120%, a risk free interest rate of 1.77%, share price of CDN$0.52 and an expected maturity of 2 years.

d) In connection with the June 2018 private placement disclosed in Note 8, the Corporation issued 167,380 broker warrants. The grant date fair value of $33,178 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 120%, a risk free interest rate of 1.77%, share price of CDN$0.50 and an expected maturity of 2 years.

Summary of warrants outstanding as at June 30, 2018:

Warrants	Classification	Exercise price	Grant date fair value of warrants	Expiry date
#		CDN$	$	
3,432,603	Liability	0.76	529,067	August 21, 2019
3,232,500	Liability	0.76	507,557	June 28, 2020
167,380	Equity	0.50	33,178	June 28, 2020
6,832,483			1,069,802	

10. BASIC AND DILUTED NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2018 was based on the loss attributable to common shareholders of $3,359,480 (2017 - $2,949,140) and the weighted average number of common shares outstanding of 48,596,093 (2017 - 36,015,599).

Diluted loss per share did not include the effect of the stock options disclosed in Note 8(c), the share purchase warrants disclosed in Note 9, or the conversion option feature described in Note 13 as they are anti-dilutive for the periods ended June 30, 2018 and 2017.

(Expressed in US dollars – except where otherwise indicated)

11. RELATED PARTY TRANSACTIONS

a) The remuneration of key management personnel is comprised of

	June 30, 2018	June 30, 2017
Fees	**$ -**	$ 3,786
Share-based compensation	**$ -**	$ -

b) See Notes 8(b), (c), Note 13 and Note 19.
c) Accounts payable and accrued liabilities as at June 30, 2018 includes $nil (2017 - $7,698) owed to current and former officers of the Corporation for fees. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.
d) During the year ended June 30, 2017, a gain of $9,423 was recorded for the settlement of debt through the issuance of shares with certain officers of the Corporation.

12. GENERAL AND ADMINISTRATIVE

	June 30, 2018	June 30, 2017
Professional fees and transfer agent	**$ 255,882**	$ 221,857
Office supplies, bank charges and telephone	**21,199**	27,654
Amortization (Note 7)	**23,306**	2,163
Travel and promotion	**128,474**	38,085
Occupancy costs	**3,632**	19,235
	$ 432,493	$ 308,994

13. CONVERTIBLE DEBT

On June 1, 2016, the Corporation closed a secured convertible debenture financing for CDN$794,000 (US$605,275) with an interest rate of 8% per annum payable at maturity. The unsecured convertible debenture has a maturity date of June 1, 2019 and the principal amount and all accrued interest of the convertible debentures are convertible into common shares at CDN$0.109 (US$0.082) per share prior to June 1, 2019 at the option of the holder. A total of CDN$102,500 of the debentures were issued to directors and officers of the Corporation.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

The Corporation allocated the net proceeds to liability and derivative liability components based on the fair value of the conversion feature (which is an embedded derivative liability requiring separation) and the convertible debentures using the effective interest rate method. The effective interest rate of the convertible note is 43.10% (this is determined by establishing the rate that is required to discount the contractual cash flows back to the carrying amount, as adjusted for transaction costs).

(Expressed in US dollars – except where otherwise indicated)

13. CONVERTIBLE DEBT (continued)

The fair value of the derivative liability component was determined to be $375,271 with a residual amount of $224,813 allocated to the liability on the date of issuance. The fair value of the conversion option component of the debenture at issuance was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.66% and an expected life of 3 years.

The discount on the convertible debentures is amortized using the effective interest method over a period of three years. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in the statement of loss and comprehensive loss and a credit to convertible note. For the year ended June 30, 2018, $40,538 (2017 - $51,104) of finance expense from the debt discount was recorded by the Corporation.

During the year ended June 30, 2017, a total of CDN$544,000 convertible debentures were converted into 5,013,825 common shares of the Corporation, along with 8% interest for one full year which converted into 401,106 common shares of the Corporation. A total of CDN$102,500 of the converted debentures were held by directors and officers of the Corporation.

The fair value of the conversion option component of the remaining CDN$250,000 convertible debentures outstanding as at June 30, 2018 was estimated as $868,678 (2017 - $504,213) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0% (2017 – 0%), expected volatility of 130% (2017 – 150%) based on the historical volatility of comparable entities, risk free interest rate of 0.73% (2017 – 0.75%), share price of CDN$0.52 (2017 – CDN$0.336), and an expected life of 0.90 years (2017 – 1.90 years). The convertible debt is shown as a current liability as the debt's maturity date is fewer than 12 months from June 30, 2018. The convertible debt has no impact upon the Corporation's liquidity other than the possible redemption of the remaining amount outstanding of CDN$250,000 and accrued interest of CDN$45,270. At June 30, 2018, the conversion price is significantly in the money and in management's opinion; a redemption in cash is unlikely. If such redemption does occur, its impact on liquidity would be insignificant.

The following table presents the reconciliation of the beginning and ending balances of the components of the convertible debt:

	Liability $	Derivative liability $	Total $
June 30, 2016	238,214	368,829	607,043
Accretion of liability	51,104	-	51,104
Accrued interest	49,985	-	49,985
Revaluation of conversion option	-	380,700	380,700
Change in foreign exchange	(19,468)	2,707	(16,761)
Debentures converted	(174,464)	(248,023)	(422,487)
Interest converted	(33,070)	-	(33,070)
June 30, 2017	**112,301**	**504,213**	**616,514**
Accretion of liability	40,538	-	40,538
Revaluation of conversion option	-	385,058	385,058
Change in foreign exchange	(2,966)	(20,593)	(23,559)
June 30, 2018	**149,873**	**868,678**	**1,018,551**

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES

Golden Zone

On April 28, 2016, the Corporation entered a preliminary agreement with Chulitna Mining Company LLC ("CMC"), Mines Trust Company Inc. ("MTC"), and Alix Resources Corp. ("AIX") to purchase an aggregate interest of 70.6% interest in the Golden Zone property, Alaska. Upon signing this agreement, the Corporation paid $25,000 to CMC for an exclusive 90-day due diligence period. In addition, the Corporation paid CDN$10,000 to AIX and settled a debt of CDN$200,000 (US$152,462) owed by CMC to AIX through the issuance of 460,829 shares at a deemed price of CDN$0.43 (US$0.33) per share upon closing of the definitive agreement for the interest in the Golden Zone property.

The parties have agreed to the following financial terms for the final agreement, which was agreed to on November 21, 2016:

	CMC				MTC			
	cash		stock		cash		stock	
upon signing an agreement in 2016	$ 150,000	(paid)	$ 150,000	(paid)	$ 25,000	(paid)	$ 100,000	(paid)
January 15, 2017	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2018	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2019	100,000		100,000		-		25,000	
January 15, 2020	100,000		100,000		-		25,000	
January 15, 2021	100,000		100,000		-		25,000	
January 15, 2022	150,000		150,000		-		25,000	
January 15, 2023	150,000		150,000		-		25,000	
Total	$ 850,000		$ 850,000		$ 25,000		$ 275,000	

Upon signing the agreement, the stock portion of the required payment resulted in the issuance of 1,497,696 common shares. The January 15, 2017 payments resulted in the issuance of 454,493 common shares. The January 15, 2018 payments resulted in the issuance of 207,813 common shares.

The Corporation will undertake to spend $2,000,000 over a five year period with a minimum annual expenditure of $200,000. In January 2018, the Corporation received confirmation from the vendor that the $2,000,000 expenditure commitment has been met.

The Corporation's shares will be valued at CDN$0.10 per share where there is no public market for those shares and at the 20-day VWAP immediately prior to the date a payment is due when the Corporation's shares (or its successor company's shares) are listed upon a stock exchange.

Annual payments will cease after the January 15, 2023 payments or upon the beginning of production of 10,000 ounces or more of gold annually from the property when NSR's will become payable. Cash payments in the years 2019 and following will be considered advance royalty payments and will be deducted from up to 50% of NSR royalty's payable upon achieving production from GZ. Those NSR royalties will be as follows: CMC 2.0%; MTC 1.0%. The Corporation can surrender its interest in the property by notifying the owner and there will be no further payment obligations.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Golden Zone (continued)

The Corporation shall have the option exercisable at any time to purchase one-half (1/2) of the royalty payable to CMC representing 1.0% of the NSR for the purchase price of $1,000,000 and 40% of the royalty payable to MTC representing 0.4% of the NSR for the purchase price of $400,000.

On October 22, 2016, the Corporation finalized a purchase agreement with Hidefield Gold Alaska Inc. ("Hidefield") for the Hidefield Golden Zone Interest. Pursuant to the agreement, the Corporation acquired a 100% of Hidefield's interest in certain claims. As consideration for acquisition of Hidefield's interests, the Corporation issued 1,612,903 common shares at a deemed price of CDN$0.217 per share and the production from the property so acquired shall be subject to 1% NSR.

Amanita

On July 18, 2015, the Corporation signed a letter of intent for a lease to purchase option for a period of 15 years pursuant to which the Corporation can acquire a 100% interest in the Amanita claim block subject to a 3% NSR for cash consideration of $3,000,000. The Amanita claim block is comprised of 88 lode claims located within the Fairbanks Mining District approximately 25 kilometres northeast of Fairbanks, Alaska. The definitive agreement was formalized on October 31, 2016.

The Corporation paid $5,000 at the time of signing a letter of intent and a further $20,000 on the signing of the definitive property agreement. The Corporation is required to make minimum payments as follows, which would be credited against the purchase price.

a. First anniversary of agreement date: $15,000 (paid)
b. Second anniversary of agreement date: $25,000 (paid)
c. Third anniversary of agreement date: $30,000 (paid subsequent to year end)
d. Every subsequent anniversary: payments increase by $10,000 annually

The Corporation can acquire the 3% NSR royalty for an additional $3,000,000.

Jungo (Formerly known as Shawnee Creek)

On January 8, 2013, Dutch Gold Resources Inc. ("DGRI"), DGRI Jungo Development Corporation and the Corporation entered into an agreement pursuant to which DGRI and DGRI Jungo Development Corporation agreed to transfer to the Corporation all of the right, title and interest in and to the Red Dog Claims located in Nevada, in exchange for a 2% NSR and the obligation of the Corporation to pay annual advance minimum royalty payments to DGRI Jungo Development Corporation in the amount of $20,000 beginning on August 25, 2015. The Corporation also holds a 100% interest in Red Dog Claims 101-160 that is not subject to an NSR.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Dome Hill

The Corporation owns claims located in Mono County, California and Mineral County, Nevada (the "Nevoro Claims") outright and free and clear of any claims, encumbrances or liens. The Corporation has no royalty or minimum payment obligations in respect of the Nevoro Claims.

On August 1, 2016, the Corporation entered into a lease agreement with Chonna DeLaney on the Jump Up Joe patented claim (MS 160651) in Mono County, California. The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are $1,000, and there is a two percent (2%) gross proceeds royalty from all production from the property. One half of the royalty can be purchased at any time for $250,000. The lease is current until August 1, 2019.

On August 1, 2016, the Corporation entered into a Lease with Option to Purchase Agreement with the Brook Family Trust on the Hermene patented claim (MS285868) in Mono County, California. The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are $1,000, and the claim can be purchased for $75,000. There is no residual royalty. The lease is current until August 1, 2019.

County Line

On August 12, 2011, the Corporation entered into a lease agreement ("PPM Lease") with Paradise Peak Mining, LLC ("PPM") for claims located in the Mineral and Nye Counties of the State of Nevada. The term of the lease was for ten years with five extension terms of ten years each and so long after expiration of the final ten year extension as long as the Corporation pays the minimum payments unless otherwise extended or terminated.

The Corporation could purchase the property at any time during the term of the lease agreement for the price of $400,000, subject to an NSR of 2%.

The Corporation was required to make minimum payments as follows which would be cumulatively credited against the Corporation's royalty payment obligations, but would not be credited against the purchase price of the Corporation's option.

a) August 15, 2011: $20,000 (paid)
b) First anniversary of initial payment: $20,000 (paid)
c) Second anniversary of initial payment: $30,000 (paid)
d) Third anniversary of initial payment: $30,000 (paid)
e) Each subsequent anniversary: $40,000

The claims were subject to a work commitment (subject to an extension of time from the effective date to January 31, 2012, (the “Resolution Date”) of $50,000 within 18 months of the Resolution Date (the work commitment was fulfilled as at June 30, 2014) and $150,000 before the third anniversary of the Resolution Date (the work commitment was fulfilled as at June 30, 2015).

The Corporation terminated this lease effective October 11, 2016.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

County Line (continued)

On January 11, 2012, the Corporation entered into a mining lease and purchase agreement ("Desatoya Lease") effective January 31, 2012 with Desatoya Goldstrike, LLC ("Desatoya") for claims located in the Mineral and Nye Counties of the State of Nevada. The term of the lease is for ten years with five extension terms of ten years each and so long after the expiration of the final ten year extension, as long as the Corporation pays the minimum payments unless otherwise extended or terminated.

The Corporation could purchase the property at any time during the term of the lease agreement for the price of $200,000, subject to a 2% NSR.

The Corporation was required to make minimum payments as follows which will be cumulatively credited against the Corporation's royalty payment obligations, but would not be credited against the purchase price of the Corporation's option.

a) On execution of the agreement: $10,000 (paid)
b) First anniversary of initial payment: $10,000 (paid)
c) Second anniversary of initial payment: $15,000 (paid)
d) Third anniversary of initial payment: $20,000 (paid)
e) Each subsequent anniversary: $20,000 (2016 payment satisfied by issuance of 101,382 stock options exercisable at CDN$0.022. See Note 8(c))

The Corporation terminated this lease effective October 11, 2016.

On May 25, 2016, the Corporation entered into an option to enter into a joint venture agreement with North Peak Mining Inc. ("NPM") on the Corporation's mining claims located in the Mineral and Nye Counties of the State of Nevada.

NPM was required to make the following payments.

a) On execution of the agreement: $30,000 (paid)
b) October 31, 2016: $30,000
c) First anniversary of initial payment: $100,000
d) Second anniversary of initial payment: $100,000
e) Third anniversary of initial payment: $100,000

NPM had a work commitment obligation of $100,000 completed by October 31, 2016, increasing by $100,000 annually for the next three anniversaries for a total cumulative work commitment of $1,000,000. Upon making all payments, NPM would have earned a 51% joint venture interest in the mining claims.

This agreement was terminated September 29, 2016.

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

The following table summarizes exploration and evaluation expenditures for each of the Corporation's respective properties.

Golden Zone	June 30, 2018	June 30, 2017
Acquisition and holding costs	$ 145,905	$ 1,125,691
Evaluation expenditures	1,873,638	778,170
	$ 2,019,543	$ 1,903,861
Amanita		
Acquisition and holding costs	$ 46,000	$ 38,670
Evaluation expenditures	-	65,203
	$ 46,000	$ 103,873
Jungo (Formerly known as Shawnee Creek)		
Acquisition and holding costs	$ 39,249	$ 39,249
Evaluation expenditures	300	45,946
	$ 39,549	$ 85,195
Dome Hill		
Acquisition and holding costs	$ 16,920	$ 15,606
Evaluation expenditures	-	1,526
	$ 16,920	$ 17,132
County Line		
Acquisition and holding costs	$ (7,500)	$ 230
Evaluation expenditures	(14,627)	1,629
	$ (22,127)	$ 1,859
Other Properties		
Evaluation expenditures	$ 1,616	$ 19,528
TOTAL EXPLORATION AND EVALUATION EXPENDITURES	**$ 2,101,501**	**$ 2,131,448**

15. INCOME TAXES

The Corporation utilizes the asset and liability method of accounting for incomes taxes. The estimated taxable income for the years ended June 30, 2018 and 2017 is $Nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Corporation will realize deferred income tax assets.

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES (continued)

(a) Provision for income taxes

Major items causing the Corporation's effective income tax rate to differ from the combined statutory rate of 20% (2017 – 21%) were as follows:

	2018 $	2017 $
(Loss) before income taxes	(3,359,480)	(2,949,140)
Expected income tax recovery based on statutory rate	673,000	624,000
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	(14,000)	(2,000)
Other	15,000	(95,000)
Change in benefit of tax assets not recognized	(674,000)	(527,000)
Deferred income tax provision (recovery)	-	-

(b) Deferred income taxes

Recognized deferred tax assets and liabilities are as follows:

Canada	2018 $	2017 $
Mineral exploration property costs	(22,000)	(21,000)
Other	(219,000)	(106,000)
Non-capital loss carry-forwards	241,000	127,000
Total	-	-

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Canada	$	$
Non-capital loss carry-forwards	2,629,000	1,574,000
Share issue costs	166,000	26,000
Mineral exploration property costs	45,000	45,000
Other	14,000	-
Total	2,854,000	1,645,000

United States		
Non-capital loss carry-forwards	5,420,000	3,519,000
Decommissioning liability	-	29,000
Other	24,000	-
Total	5,444,000	3,548,000

The Corporation has approximately $3,457,000 (CDN $4,540,000) (2017 - $2,083,000, CDN $2,712,000) of non- capital losses in Canada, $5,420,000 (2017 - $3,519,000) of non-capital losses in the United States as at June 30, 2018, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses will expire as follows:

Canada

2032	$ 29,000
2033	92,000
2034	132,000
2035	189,000
2036	245,000
2037	1,772,000
2038	998,000
Total	$ 3,457,000

United States

2032	$ 129,000
2033	762,000
2034	455,000
2035	1,001,000
2036	432,000
2037	2,035,000
2038	606,000
Total	$ 5,420,000

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

(c) Canadian development and exploration expenditures

The Corporation has approximately $544,000 (CDN$681,000) of Canadian development and exploration expenditures as at June 30, 2018 (2017 - $544,000, CDN$681,000) which under certain circumstances can used to reduce taxable income in future years.

16. DECOMMISSIONING LIABILITY

The Corporation's provision for closure and reclamation costs relates to County Line and is based on management's estimates of costs to abandon and reclaim mineral exploration interests and facilities as well as an estimate of the future timing of the costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the provision for closure and reclamation associated with the retirement of the Corporation's mineral exploration interests:

	Amount
Balance, June 30, 2016	$ 28,600
Adjustments resulting from re-measurement	-
Balance, June 30, 2017	28,600
Adjustments resulting from re-measurement	(28,600)
Balance, June 30, 2018	$ -

The Corporation has assessed its total provision for closure and reclamation and estimated it to be $nil at June 30, 2018 (2017 - $28,600) based on a total future liability of approximately $nil (2017 - $27,000), an inflation rate of 1.8% (2017 – 1.8%) and a discount rate of 1.01% (2017 – 1.01%).

17. CONTINGENCIES

Environmental contingencies

The Corporation's exploration activities are subject to various federal, provincial, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

18. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

19. SUBSEQUENT EVENTS

The Corporation has issued 4,140,000 stock options to certain members of management, directors and consultants of the Corporation. The options are exercisable into common shares of the Corporation at an exercise price of CDN$0.60 per share. The options have a five-year term to maturity with varying vesting terms.