SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Financial Statements

For the Year Ended October 31, 2017 and
the Period from Incorporation of July 7, 2016 to October 31, 2016

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2017 AND THE PERIOD FROM INCORPORATION ON JULY 7, 2016 TO OCTOBER 31, 2016

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MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors of
Sixty North Gold Mining Ltd.

We have audited the accompanying financial statements of Sixty North Gold Mining Ltd. which comprise the statements of financial position as at October 31, 2017 and 2016, and the statements of comprehensive loss, changes in equity and cash flows for the year ended October 31, 2017 and for the period from incorporation on July 7, 2016 to October 31, 2016, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sixty North Gold Mining Ltd. as at October 31, 2017 and 2016, and its financial performance and its cash flows for the year ended October 31, 2017 and for the period from incorporation on July 7, 2016 to October 31, 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Sixty North Gold Mining Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 12, 2017

SIXTY NORTH GOLD MINING LTD.
(Formerly 1082138 B.C. Ltd.)
Statements of Financial Position
(Expressed in Canadian Dollars)

		October 31, 2017		October 31, 2016
Assets				
Current Assets				
Cash and cash equivalents (Note 5)	**$**	**539,550**	$	1,137,374
GST receivable		**19,570**		13,429
Prepaid expenses		**38,379**		18,822
Total Current Assets		**597,499**		1,169,625
Exploration and evaluation assets (Note 6)		**1,271,632**		521,410
Reclamation deposit (Note 8)		**88,000**		88,000
Total Assets	**$**	**1,957,131**	$	1,779,035
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**135,889**	$	95,905
Total Current Liabilities		**135,889**		95,905
Equity				
Share capital (Note 9)		**2,068,823**		1,627,419
Shares subscriptions		**-**		10,000
Equity reserves		**535,493**		208,401
Deficit		**(783,074)**		(162,690)
Total Equity		**1,821,242**		1,683,130
Total Liabilities and Equity	**$**	**1,957,131**	$	1,779,035

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)
Subsequent Events (Note 14)

See the accompanying notes to the financial statements

On behalf of the Board:

"John Campbell"
Director

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

		For the Year Ended October 31, 2017		Period of Incorporation on July 7, 2016 to October 31, 2016
Expenses				
Accounting and audit fees	**$**	**27,600**	$	10,600
Consulting fees		**10,000**		-
Corporate Development		**25,964**		-
General and administration		**3,106**		947
Investor relations		**37,696**		7,333
Insurance		**8,581**		1,178
Management fees (Note 11)		**66,000**		7,844
Meals and entertainment		**2,147**		53
Professional fees (Note 9b)		**143,333**		14,140
Share-based payments (Notes 9d and 11)		**271,477**		120,000
Transfer agent		**24,480**		595
Net loss and comprehensive loss for the Period	**$**	**620,384**	$	162,690
Loss per share, basic and diluted		**(0.02)**		(0.01)
Weighted average common shares outstanding, basic and diluted		**34,570,639**		12,460,690

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares Subscribed	Equity Reserves	Deficit	Total
Balance at July 7, 2016	-	$ -	$ -	$ -	-	$ -
Shares Issued on Incorporation	1	-	-	-	-	1
Shares issued for owner (Note 9)	6,000,000	30,000	-	120,000	-	150,000
Shares returned to treasury (Note 9)	(2,400,001)	-	-	-	-	-
Shares issued for cash (Note 9)	27,420,000	1,840,500	10,000	-	-	1,850,500
Shares issued for finder's fees (Note 9 and Note 11)	400,000	10,000	-	-	-	10,000
Share issuance costs	-	(253,081)	-	88,401	-	(164,680)
Net loss for the period	-	-	-	-	(162,690)	(162,690)
Balance at October 31, 2016	**31,420,000**	**$ 1,627,419**	**$ 10,000**	**$208,401**	**$ (162,690)**	**$ 1,683,130**
Shares Issued for cash (Note 9(b))	4,783,333	500,000	(10,000)	-	-	490,000
Shares issued for option exercise (Note 9(b))	100,000	7,500	-	-	-	7,500
Shares issued for services (Note 9(b))	400,000	40,000	-	-	-	40,000
Share issuance costs	-	(106,096)	-	55,615	-	(50,481)
Share-based payments	-	-	-	271,477	-	271,477
Net loss for the year	-	-	-	-	(620,384)	(620,384)
Balance at October 31, 2017	**36,703,333**	**$ 2,068,823**	**$ -**	**$535,493**	**$ (783,074)**	**$ 1,821,242**

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.
(Formerly 1082138 B.C. Ltd.)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	October 31, 2017	Period from Incorporation on July 7, 2016 to October 31, 2016
Cash Flows from Operating Activities		
Net loss for the Period	**$ (620,384)**	$ (162,690)
Non-cash items:		
Shares issued for professional fees	**40,000**	-
Share-based payments	**271,477**	120,000
	(308,907)	(42,690)
Changes in non-cash working capital items:		
GST receivable	**(6,141)**	(13,429)
Prepaid expenses	**(19,557)**	(18,822)
Accounts payable and accrued liabilities	**39,984**	95,905
Net Cash Flows (used in) Provided by Operating Activities	**(294,621)**	
Cash Flows from Investing Activities		
Exploration and evaluation expenditures	**(897,678)**	(273,147)
Exploration advance	**147,456**	(248,263)
Reclamation bond	**-**	(88,000)
Net Cash Flows Used in Investing Activities	**(750,222)**	
Cash Flows from Financing Activities		
Issuance of common shares	**497,500**	1,870,500
Share subscriptions	**-**	10,000
Share issuance costs	**(50,481)**	(154,680)
Net Cash Flows from Financing Activities	**447,019**	
Change in Cash and Cash Equivalents During the Year	**(597,824)**	1,137,374
Cash and Cash Equivalents, Beginning of Year	**1,137,374**	-
Cash and Cash Equivalents, End of Year	**$ 539,550**	$ 1,137,374
Supplemental Cash Disclosure:		
Income taxes paid	**$** -	$ -
Interest paid	**$** -	$ -
Non-cash transactions in investing and financing activities:		
Shares issued for finder's fee	**$** -	$ 10,000
Shares issued for professional fees	**$** 40,000	$ -
Agent warrants for share issuance costs	**$** 55,615	$ -

See the accompanying notes to the financial statements

1. Nature and Continuance of Operations

Sixty North Gold Mining Ltd. (the "Company") is a privately owned company and was incorporated on July 7, 2016 in British Columbia under the laws of the Canada Business Corporations Act. On February 20, 2017, the Company changed its name from 1082138 B.C. Ltd. to Sixty North Gold Mining Ltd. The Company's registered office is located at 1500 - 1055 West Georgia Street, Vancouver, BC V6E 4N7.

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company entered into an agreement with New Discovery Mines ("NDM") on July 8, 2016 and finalized the arrangement on September 2, 2016. On June 14, 2017, the Company and NDM entered into a restated mineral property earn-in agreement effective September 1, 2016 (See Note 6 - Exploration and Evaluation Properties). The Company has advanced funds towards the earn-in, and intends to complete an initial public offering ("IPO") and to list on the Canadian Securities Exchange so that exploration can be funded to further advance the property to the development and production phase.

Recovery of the carrying value of the Company's investment in the Mon Property is dependant upon the existence of economically recoverable reserves, to obtain the necessary funding to complete exploration and development, and the attainment of future profitable production.

The financial statements of the Company have been prepared on a going-concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If the going-concern assumptions were not appropriate for these financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications used on the statement of financial position.

As at October 31, 2017, the Company had cash and cash equivalents in the amount of $539,550 (October 31, 2016 - $1,137,374). The Company has raised funds through private equity issuances to fund the project and expects to continue to raise additional funds through the issuance of shares, or other sources of financing. On October 23, 2017, the Company filed a preliminary prospectus for an IPO whereby the Company plans to issue a minimum of 6,666,667 units up to a maximum of 20,000,000 units at a price of $0.15 per unit. Each unit will consist of one common share and one half purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of $0.25 per share for a period of 24 months from the closing of the IPO (See Note 12 (c)).

The Company will require further funding to continue as a going concern. There is no assurance that the Company will be able to obtain sufficient funding to continue exploration and development on the Mon Property.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on December 12, 2017.

(b) Basis of Presentation

The financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company is the Canadian dollar.

3. Significant Accounting Policies

Accounting Estimates and Assumptions

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates, which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period, in which the estimate is revised, and may affect both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely,

3. Significant Accounting Policies (continued)

Accounting Estimates and Assumptions (continued)

the amount capitalized is written off in profit or loss in the period the new information becomes available.

Site Closure and Reclamation Provisions

The Company assesses its reclamation provision at each reporting date or when new material information becomes available. Exploration, development, and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. The Company's exploration work to date has resulted in no significant site disturbance and therefore the Company's reclamation provision is limited to the amount posted as a reclamation bond.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions for any share options granted could have a material impact on the Company's consolidated financial statements.

3. Significant Accounting Policies (continued)

Accounting Estimates and Assumptions (continued)

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Exploration and Evaluation Assets

Upon acquiring the legal right to explore an exploration and evaluation asset, costs related to the acquisition, exploration and evaluation are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their estimated recoverable amount. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

3. Significant Accounting Policies (continued)

Impairment

All financial assets except those measured at fair value through profit or loss are reviewed for impairment at the financial reporting date. 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 profit or loss for the period.

Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

Financial Assets

The Company classifies its financial assets into one of the following categories, at initial recognition depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value which changes in fair value recognized in the consolidated statement of operations. The Company has classified its cash and cash equivalents as FVTPL.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has no assets classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations. The Company did not hold any held-to-maturity investments at October 31, 2017.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale ("AFS"). They are carried at fair value with changes in fair value recognized in equity. Upon de-recognition, accumulated gain or loss is realized and reclassified from accumulated other comprehensive income to profit and loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations. The Company did not hold any AFS assets as at October 31, 2017.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment - All financial assets except for those at fair value through profit or loss are subject to review for impairment at least each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Effective interest method - The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

De-recognition of financial assets - A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. The Company did not hold any fair value through profit or loss financial liabilities as at October 31, 2017.

Other financial liabilities - This category includes amounts due to related parties, trade payables, and loans from related parties, all of which are initially recognized at fair value and carried at amortized cost.

De-recognition of financial liabilities - The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Share purchase warrants - The Company bi-furcates units consisting of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and the allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to equity reserve. When warrants are exercised, the corresponding value is transferred from equity reserve to common stock.

Provision for Environmental Reclamation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. The cost of any rehabilitation program is recognized at the time that the environmental disturbance occurs. 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 along with a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the asset are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is adjusted each period for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

3. Significant Accounting Policies (continued)

Income taxes

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

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for used tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. New Accounting Standards

(a) New Standards and Amendments Effective for the First Time

The Company has adopted the new and revised standards and interpretations issued by the IASB effective November 1, 2016. The adoption of the standard and amendment did not have a material impact on the financial statements of the Company.

(b) New Accounting Standards Issued but not yet Effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New Accounting Standards Effective for Annual Periods on or After January 1, 2017

IFRS 7 - Statements of Cash Flows

In January 2016, the IASB issued an amendment to IAS 7 which requires additional disclosures for changes in liabilities arising from financial activities. This includes changes arising from cash flows such as drawdowns and repayments or borrowings and non-cash changes such as acquisitions, disposals and unrealized exchange differences. The amendment is effective for fiscal years beginning on or after January 1, 2017 and is applied on a prospective basis.

New Accounting Standards Effective for Annual Periods on or After January 1, 2018

IFRS 2 - Share-based Payments

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company is currently assessing the impact of this standard.

IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Statements, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain

(Expressed in Canadian Dollars)

4. (b) New Accounting Standards Issued but not yet Effective

debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued this standard which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions involving Advertising Services, IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New Accounting Standards Effective for Annual Periods on or After January 1, 2019

IFRS 16 - Leases

In June 2016, the IASB issued this standard which establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

5. Cash

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less, readily convertible into a known amount of cash. Short-term deposits are valued at amortized cost. The carrying amounts approximate the fair value due to the short-term maturities of these instruments. Cash held in trust is comprised of private placement funds held in trust by the Company's legal firm. Cash included in the Statements of Financial Position are comprised of the following amounts:

	October 31, 2017	October 31, 2016
Bank Balances	**$ 539,550**	$ 354,824
Cash Held in Trust	**-**	782,550
	$ 539,550	$ 1,137,374

6. Exploration and Evaluation Assets

The Mon Property

On July 8, 2016, the Company signed a letter of intent with New Discovery Mines Ltd. ("NDM") and the entered into an option agreement ("Agreement") on September 2, 2016. The Property is comprised of two NDM claims and eleven Mon Property leases and is located in the mining district of the Northwest Territories. On June 14, 2017, the Company and NDM entered into a restated mineral property earn-in agreement effective as of September 2, 2016 with the following terms and conditions:

To earn the 80% interest in the Property, the Company is required to incur $6,000,000 in expenditures on the Property as follows:

(a) To incur $2,000,000 expenditures (the "Initial Expenditures") on the Property on or before December 31, 2017; and
(b) To incur cumulative expenditures of $6,000,000 on the Property (inclusive of the Initial Expenditures) on or before December 31, 2020; and
(c) To assume all of the obligations of the underlying agreements, relating to the royalty and any advance royalty payments (see Note 12 - Commitments)

The Company may elect to extend the deadline for completion of the initial expenditure from December 31, 2017 to December 31, 2018 by delivering notice in writing and payment of $20,000. The Company may elect to terminate the agreement at any time during the earn-in period, upon sixty days notice to NDM.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

The Company has funded and incurred the following expenditures on the Property:

The Mon Gold Property	*October 31, 2016*	*Additions/ Adjustments*	***October 31, 2017***
Acquisition Costs:			
Legal costs relating to earn-in	$ 16,614	*$ -*	**$ 16,614**
Advance royalty payment	-	*26,270*	**26,270**
	16,614	*26,270*	**42,884**
Exploration Costs:			
Assaying, prospecting and shipping	789	*25,796*	**26,585**
Camp costs	31,643	*41,472*	**73,115**
Drilling	76,102	*41,350*	**117,452**
Exploration advance (Note 7)	248,263	*(147,456)*	**100,807**
Flights	69,440	*47,334*	**116,774**
Fuel	6,961	*(332)*	**6,629**
Management and supervision	24,265	*33,194*	**57,459**
Mining equipment	-	*642,532*	**642,532**
Mobilization/Demobilization	6,900	*6,375*	**13,275**
Reports	31,500	*2,370*	**33,870**
Safety/Medic	5,299	*9,108*	**14,407**
Storage and transport (equipment)	-	*13,641*	**13,641**
Travel and accommodation	3,634	*8,568*	**12,202**
	504,796	*723,952*	**1,228,748**
Total Acquisition and Exploration Costs	$ 521,410	*$ 750,222*	**$ 1,271,632**

7. Advances to Project

As at October 31, 2017, the Company has an exploration advance of $100,807 to NDM on the Mon Property.

8. Reclamation Deposit

As at October 31, 2017, a security deposit of $88,000 was paid to the Department of Lands on behalf of the Government of the Northwest Territories, as required under the land use permit on the Mon Property.

(Expressed in Canadian Dollars)

9. Share Capital

(a) Authorized Shares

The Company is authorized to issue an unlimited number of common shares with no par value per share.

(b) Issued and outstanding

As of October 31, 2017, 36,703,333 (October 31, 2016 - 31,420,000) shares were issued and outstanding.

<u>During the year ended October 31, 2017, the Company had the following transactions:</u>

On December 1, 2016, 400,000 shares previously subscribed for at $0.25 per share were issued.

On December 1, 2016, the Company completed a private placement of 1,800,000 units at $0.10 for gross proceeds of $180,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of $0.25 until September 30, 2019 (extended from the initial expiry date of December 1, 2018). The Company paid a cash commission of $12,600 and issued 180,000 broker warrants. Each broker warrant is exercisable to purchase a common share of the Company for $0.10 per share until September 30, 2019 (extended from the initial expiry date of December 1, 2018). This expiry date is accelerated to 30 days if the Company's trading price is greater than $0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at $10,880 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.84%
Expected life	2.83 years
Expected volatility	100%
Expected dividend	Nil

Pursuant to an agreement dated December 1, 2016 between the Company and Mackie Research Capital Corporation ("Mackie"), the Company issued 400,000 common shares with a fair market value of $40,000 for making introductions to certain individuals to serve as officers or directors of the Company. The amount of $40,000 was recorded as professional fees for the year ended October 31, 2017 on the Statements of Comprehensive Loss.

On June 28, 2017 and August 31, 2017, the Company completed a private placement of a total of 2,583,333 units at $0.12 for gross proceeds of $310,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of $0.25 until September 30, 2019 . The Company paid a cash commission of $19,200 and issued 200,000 brokers' warrants. Each broker warrant is exercisable to purchase a common share at a price of $0.25 until September 30, 2019. The expiry date is accelerated to 30 days if the Company's trading

(Expressed in Canadian Dollars)

9. Share Capital *(continued)*

price is greater than $0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at $11,859 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.73%
Expected life	2.26 years
Expected volatility	120%
Expected dividend	Nil

In connection with the private placements noted above, the Company also incurred $18,681 in other share issuance costs associated with the private placements.

<u>During the period ended October 31, 2016, the Company had the following transactions:</u>

On July 28, 2016, the Company issued 6,000,000 common shares at $0.005 per share to the founder of the Company. The fair value of the 6,000,000 common shares was estimated to be $150,000. Accordingly, the Company recorded share-based payments of $120,000 and a corresponding increase to equity reserves. On September 9, 2016, 2,400,000 of these shares were gifted back to treasury.

On August 31, 2016, the Company completed a private placement of 6,400,000 common shares issued at $0.025 per share. The Company issued 400,000 common shares at $0.025 per share for finder's fees to the officers of the Company.

On September 9, 2016, the Company completed a private placement of 5,620,000 common shares issued at $0.025 per share.

On September 20, 2016, the Company completed a private placement of 6,500,000 units at $0.10 per unit. Each unit comprised of one common share and one half warrant. Each full warrant entitles the holder to purchase a common share of the Company at $0.25 until September 20, 2018 (expiry date was subsequently extended to September 30, 2019, see Note 9 (c)). In connection with the private placement, the Company paid a cash commission of $45,500 and issued 650,000 broker warrants. Each broker warrant is exercisable to purchase a common share of the Company for $0.10 per share until September 20, 2018 (expiry date was subsequently extended to September 30, 2019, see Note 9(c)). The fair value of the broker warrants was estimated at $39,266 using the Black-Scholes Option Pricing model with the following assumptions:

Risk free interest rate	0.56%
Expected life	2 years
Expected volatility	120%
Expected dividend	Nil

(Expressed in Canadian Dollars)

9. Share Capital *(continued)*

On October 28, 2016, the Company completed a private placement of 8,900,000 units at $0.10 per unit. Each unit is comprised of one common share and one half warrant. Each full warrant entitles the holder to purchase a common share of the Company at $0.25 until October 28, 2018 (expiry date was subsequently extended to September 30, 2019, see Note 9(c)). In connection with this private placement, the Company paid a cash commission of $56,450 and issued 808,500 broker warrants. Each broker warrant is exercisable to purchase a common share of the Company at a price of $0.10 until October 28, 2018 were issued at a price of $0.10, exercisable for 808,500 common shares until October 28, 2018 (expiry date was subsequently extended to September 30, 2019, see Note 9(c)). The fair value of the broker warrants was estimated at $49,135 using the Blach-Scholes Option Pricing model with the following assumptions:

Risk free interest rate	0.60%
Expected life	2 years
Expected volatility	120%
Expected dividend	Nil

(c) Warrants

On June 20, 2017, the Company extended the expiry date to September 30, 2019 for all warrants that were previously issued between September 20, 2016 and December 1, 2016. As a result of this modification, the Company recorded the incremental fair value of $32,876 as share issuance costs for the year ended October 31, 2017 for the 1,638,500 broker warrants using the Black-Scholes Option Pricing model using the following assumptions:

Risk free interest rate	0.73%
Expected life	2.28 years
Expected volatility	120%
Expected dividend	Nil

During the year ended October 31, 2017, the Company had issued the following warrants:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	9,158,500	$0.23	1.92
Issued for private placements	2,191,666	$0.25	1.92
Issued for brokers' warrants	380,000	$0.18	1.92
Balance, October 31, 2017	**11,730,166**	**$0.23**	1.92

(Expressed in Canadian Dollars)

9. Share Capital *(continued)*

As of October 31, 2017, the outstanding warrants are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,250,000	$0.25	September 30, 2019
650,000	$0.10	September 30, 2019
4,450,000	$0.25	September 30, 2019
808,500	$0.10	September 30, 2019
900,000	$0.25	September 30, 2019
180,000	$0.10	September 30, 2019
1,291,666	$0.25	September 30, 2019
200,000	$0.25	September 30, 2019
11,730,166		

(d) Options

Pursuant to an agreement dated on September 1, 2016, the Company granted 250,000 stock options to the CEO of the Company. Each option is exercisable at a price of $0.075 per share for five years with vesting terms of 150,000 options vested on the grant date and the remaining 100,000 options will vest within 10 days of the Board of Directors resolution to proceed with the Initial Public Offering. The weighted average fair value of the options was $0.12 each and estimated using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.03%
Weighted expected life	5 years
Weighted expected volatility	130%
Weighted expected dividend	Nil
Forfeiture rate	Nil

During the year, the Company recorded a share-based payment of $28, 859 on the statements of comprehensive loss.

On September 25, 2017, 100,000 of these options were exercised at $0.075 for proceeds of $7,500.

On September 22, 2017 pursuant to a resolution of the Board of Directors, the Company granted 1,870,000 stock options to certain directors, officers and consultants of the Company. Each option is exercisable at a price of $0.15 per share and vested on the grant date. The options are exercisable up to five years from the date the Company's shares are listed on a recognized Canadian stock exchange ("Listing date"). The weighted average fair value of the options was $0.15 each and estimated using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.5%
Weighted expected life	5 years
Weighted expected volatility	130%
Weighted expected dividend	Nil
Forfeiture rate	Nil

(Expressed in Canadian Dollars)

9. Share Capital *(continued)*

During the year ended October 31, 2017, the Company recorded a share-based payment of $242,618 (October 31, 2016 - $Nil) on the statements of comprehensive loss.

During the year ended October 31, 2017, the Company had issued the following options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	250,000	$ 0.12	3.84
Options granted	1,870,000	$ 0.15	5.00
Options exercised	(100,000)	$ 0.075	-
Balance, October 31, 2017	**2,020,000**	**$ 0.15**	5.00

As of October 31, 2017, the outstanding options are as follows:

Number of Options	Exercise Price	Expiry Date
150,000	$0.15	September 1, 2021
1,870,000	$0.15	5 years from the Listing date
2,020,000		

10. Income Tax

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	October 31, 2017	October 31, 2016
Loss before income taxes	**$ (620,384)**	$ (162,690)
Statutory tax rate	**27%**	26%
Expected income tax recovery at the statutory tax rate	**(167,504)**	(42,299)
Non taxable or deductible items for tax purposes	**44,943**	(11,617)
Change in tax rate	**(2,074)**	-
Change in valuation allowance	**124,635**	53,916
Income tax expense	**$ -**	$ -

(Expressed in Canadian Dollars)

10. Income Tax (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	October 31, 2017	October 31, 2016
Non-capital loss carry-forwards	**$ 128,956**	$ 19,663
Share Issue costs	**49,595**	34,253
	178,551	53,916
Less: Unrecognized deferred tax assets	**(178,551)**	(53,916)
	$ -	$ -

11. Related Party Transactions

Key management includes directors and officers of the Company. During the year ended October 31, 2017, management fees of $66,000 (October 31, 2016: $7,844) were paid to a corporation controlled by the Company's Chief Executive Officer ("CEO") and consulting fees of $10,000 (October 31, 2016: Nil) were paid to a corporation controlled by the Company's former Chief Financial Officer.

On July 7, 2016, the Company issued 6,000,000 common shares for gross proceeds of $30,000 to a shareholder of the Company. On September 9, 2016, the owner returned 2,400,000 common shares to treasury as a deed of gift to the Company.

On August 31, 2016, 400,000 common shares were issued to the Company's CEO and a director of the Company as a finder's fee for raising private equity. These shares were valued at $0.025 per share for a total value of $10,000.

On September 22, 2017, the Company granted 1,750,000 options with fair values of $227,049 to the directors and officers of the Company (See Note 9(d)). In addition, the Company also recorded a share-based payment of $28,859 for options granted to the CEO.

12. Commitments

(a) Pursuant to an agreement (Note 6 - Exploration and Evaluation Assets) between the Company and NDM, the Company is required to make annual payments of US$20,000 for the advanced NSR to Giauque commencing on January 30, 2017. The first payment was made by the Company on January 16, 2017. The advance payments can be credited towards the royalty payments after commencement of commercial production with 20% of the aggregate payments received from the advanced NSR deductible from the royalty payments, commencing in the first completed calendar year of commercial production.

12. Commitments (continued)

(b) On September 1, 2016, the Company entered into a management agreement with the CEO of the Company whereby the Company will pay a monthly management fee of $5,000 for one year, renewed annually unless notice is given according to termination provisions.

(c) On August 16, 2017 the Company signed an agency agreement with Mackie Research Capital Corporation ("Mackie") whereby Mackie will act as an agent in connection with the initial IPO undertaking by the Company. The Company will pay a non-refundable work fee of $30,000 on the closing of the IPO, 8% in cash commission and issue 8% compensation options of all the units sold in the IPO. Each option entitles Mackie to purchase one common share of the Company at the issue price per unit under the IPO for a period of 24 months from the closing date of the IPO. Whether or not the offering is completed, Mackie's expenses, not to exceed $10,000 and the designated legal counsel's fees and expenses not to exceed $50,000 shall be borne by the Company. At October 31, 2017, the Company paid a $15,000 retainer for legal fees.

13. Financial instruments and Risks

Financial instruments consist primarily of cash and cash equivalents and accounts payable. The fair values of cash and cash equivalents and accounts payable approximate their respective carrying values because of their immediate or short-term nature.

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure. The Company limits its exposure to credit risk on cash and cash equivalents by placing these financial instruments with reputable and major financial institutions.

(b) Liquidity risk

Liquidity risk is associated with the inability to meet obligations as they become due and is minimized by maintaining sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period.

13. Financial instruments and Risks (continued)

The Company measures certain financial instruments and other items at fair value. To determine the fair value, the Company uses the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Observable inputs such as quoted prices in active markets

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

14. Subsequent Events

(a) Subsequent to the year ended October 31, 2017, the Company has made the annual royalty payment of US$20,000 to Giauque (see Note 12).

(b) The Company has authorized NDM to contract out the 2018 ice road construction for the winter road to the Mon Property. On November 3, 2017, upon signing, $34.000 has been paid by NDM to the contractor, which represents 10% of the total contract. This amount will be offset against the Company's advance to NDM. The deposit is refundable in the event that the permits are not granted and the work does not proceed.