EnGold

ENVIRONMENT. ENGAGEMENT. GOLD.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED JUNE 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

EnGold Mines Ltd.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at		June 30, 2018		September 30, 2017
ASSETS				
Current				
Cash	$	315,115	$	1,570,640
Receivables (Note 12c)		26,806		104,160
Prepaid expenses		60,880		58,550
Total current assets		402,801		1,733,350
Reclamation deposits (Note 4)		147,000		147,000
Other assets		1,008		1,008
Restricted Cash (Note 5)		11,500		-
Property, plant and equipment (Note 6)		51,371		24,811
Exploration and evaluation assets (Note 7)		2,572,409		2,488,909
Total assets	$	3,186,089	$	4,395,078
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 10)	$	144,307	$	484,375
Other liabilities (Note 9)		89,140		-
Total current liabilities		233,447		484,375
Shareholders' equity				
Share capital (Note 9)		40,092,298		39,409,175
Reserves (Note 9)		13,299,925		12,780,694
Deficit		(50,439,581)		(48,279,166)
Total shareholders' equity		2,952,642		3,910,703
Total liabilities and shareholders' equity	$	3,186,089	$	4,395,078

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 11)
Subsequent events (Note 14)

Approved and authorized by the Audit Committee on August 24, 2018:

"Robert Gordon" Director — *"David Brett"* Director
Robert Gordon — David Brett

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

EnGold Mines Ltd.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the nine months ended June 30, 2018	For the nine months ended June 30, 2017
EXPENSES				
Depreciation (Note 6)	$ 3,022	$ 1,614	$ 9,066	$ 4,847
Exploration and evaluation expenditures	415,324	1,020,533	1,185,763	1,975,039
Filing and regulatory	18,123	31,198	36,485	47,574
Insurance	6,334	1,482	20,133	4,444
Office and other	19,440	(2,984)	63,332	22,856
Management and consulting	65,023	55,057	191,324	117,588
Professional fees	12,231	101,703	140,341	191,874
Share-based payments	103,834	175,430	491,747	263,037
Shareholder communications	18,838	7,525	73,393	21,815
Travel and promotion	9,776	-	30,410	3,186
Loss before other items and taxes	(671,945)	(1,391,558)	(2,241,994)	(2,652,260)
OTHER ITEMS				
Gain on extinguishment of debt	-	-	17,986	-
Other income (Note 9)	63,593	258,136	63,593	572,326
Legal provision	-	(133,000)	-	(133,000)
Loss and comprehensive loss for the period	$ (608,352)	$ (1,266,422)	$ (2,160,415)	$ (2,212,934)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	196,167,210	185,931,300	194,992,057	176,729,093

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

EnGold Mines Ltd.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the nine-month period ended June 30		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(2,160,415)	$	(2,212,934)
Non-cash items:				
Depreciation		9,066		4,847
Gain on extinguishment of debt		(17,986)		-
Other income		(63,593)		(572,326)
Share-based payments		491,747		263,037
Changes in non-cash working capital items:				
Receivables		77,354		3,823
Prepaid expenses		(2,330)		17,614
Accounts payable and accrued liabilities		(365,240)		(3,084)
Net cash used in operating activities		(2,031,397)		(2,499,023)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of exploration and evaluation asset		(10,000)		-
Purchase of property, plant and equipment		(35,626)		-
Proceeds from sale of equipment		-		1,050
Net cash used in investing activities		(45,626)		1,050
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issuances (Note 9)		929,080		3,500,000
Exercise of stock options		-		410,000
Exercise of warrants		16,667		418,600
Repayment of loan from related party		-		(52,500)
Transfer to restricted cash (Note 5)		(11,500)		-
Share issuance costs		(112,749)		(246,536)
Net cash provided by financing activities		821,498		4,029,564
Change in cash during the period		(1,255,525)		1,531,591
Cash, beginning of period		1,570,640		114,826
Cash, end of period	$	315,115	$	1,646,417
Supplemental cash flow information:				
Broker warrants issued as share issuance costs	$	27,484	$	181,987
Share issuance costs included in accounts payable and accrued liabilities	$	43,158	$	-
Shares issued for exploration and evaluation asset	$	73,500	$	-
Flow-through premium liability recognized	$	152,733	$	550,000

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

EnGold Mines Ltd.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital								
	Number		Amount		Reserves		Deficit		Total
Balance, September 30, 2016	162,081,542		35,276,401		12,310,934		(45,083,041)		2,504,294
Private placements	2,204,000		110,200		-		-		110,200
Private placements – flow through	13,640,000		3,389,800		-		-		3,389,800
Share issuance costs – cash	-		(246,536)		-		-		(246,536)
Share issuance costs – warrants	-		(181,987)		181,987		-		-
Flow-through premium liability	-		(550,000)		-		-		(550,000)
Exercise of stock options	5,604,000		606,364		(196,364)		-		410,000
Exercise of warrants	4,380,000		418,600		-		-		418,600
Share-based payments	-		-		263,037		-		263,037
Loss for period	-		-		-		(2,212,934)		(2,212,934)
Balance, June 30, 2017	187,909,542	$	38,822,842	$	12,559,594	$	(47,295,975)	$	4,086,461
Exercise of warrants	5,863,334		586,333		-		-		586,333
Share-based payments	-		-		221,100		-		221,100
Loss for the period	-		-		-		(983,191)		(983,191)
Balance, September 30, 2017	193,772,876	$	39,409,175	$	12,780,694	$	(48,279,166)	$	3,910,703
Private placements	193,000		50,180		-		-		50,180
Private placements – flow through	3,054,667		878,900		-		-		878,900
Share issuance costs – cash	-		(155,907)		-		-		(155,907)
Share issuance costs – warrants	-		(27,484)		27,484		-		-
Flow-through premium liability	-		(152,733)		-		-		(152,733)
Exercise of warrants	166,666		16,667		-		-		16,667
Shares issued for exploration and evaluation asset	350,000		73,500		-		-		73,500
Shares-based compensation	-		-		491,747		-		491,747
Loss for the period	-		-		-		(2,160,415)		(2,160,415)
Balance, June 30, 2018	197,537,209	$	40,092,298	$	13,299,925	$	(50,439,581)	$	2,952,642

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

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

EnGold Mines Ltd. (the "Company") was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company's registered and records office is 725 Granville Street, Pacific Centre, Suite 400, Vancouver, BC V7Y 1G5.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the ordinary course of business. For the period ended June 30, 2018 the Company incurred a loss of $2,160,415 and has an accumulated deficit of $50,439,581 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of Compliance

These condense interim financial statements, including comparatives, have been prepared in accordance with the International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that 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:

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Judgments

Critical accounting estimates

i. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

ii. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

ii. 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.

iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended September 30, 2017, except for the adoption of new standards and interpretations effective as of October 1, 2017.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are not mandatory for accounting periods beginning on or after October 1, 2016 or later periods. They have not been early adopted in these consolidated financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company determined there to be no impact on these financial statements as the Company has yet to have revenue.

IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15 Revenue from Contracts with Customers. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The Company is in the process of assessing the impact, if any, on the financial statements of this new standard.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted (cont'd…)

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this standard.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. RECLAMATION DEPOSITS

As at June 30, 2018 the Company held $147,000 (September 30, 2017 - $147,000) in deposits with a financial institution as security for reclamation requirements.

5. RESTRICTED CASH

Restricted cash consists of a term deposit of $11,500 (September 30, 2017 - $nil) held as security for a corporate credit card.

6. PROPERTY, PLANT AND EQUIPMENT

	Field Equipment	Vehicles	Office Furniture and Equipment	Computer Equipment	Software	Total
Cost						
Balance, September 30, 2016	$ 102,713	$ 105,760	$ 53,679	$ 34,996	$ 45,167	$ 342,315
Disposals	-	(1,050)	-	-	-	(1,050)
Balance, September 30, 2017	102,713	104,710	53,679	34,996	45,167	341,265
Additions	-	35,626	-	-	-	35,626
Balance, June 30, 2018	$ 102,713	$ 140,336	$ 53,679	$ 34,996	$ 45,167	$ 376,891
Accumulated depreciation						
Balance, September 30, 2016	$ 92,337	$ 85,258	$ 52,230	$ 34,996	$ 45,167	$ 309,988
Additions	2,075	4,100	291	-	-	6,466
Balance, September 30, 2017	94,412	89,358	52,521	34,996	45,167	316,454
Additions	1,245	7,647	174	-	-	9,066
Balance, June 30, 2018	$ 95,657	$ 97,005	$ 52,695	$ 34,996	$ 45,167	$ 325,520
As at September 30, 2017	$ 8,301	$ 15,352	$ 1,158	$ -	$ -	$ 24,811
As at June 30, 2018	$ 7,056	$ 43,331	$ 984	$ -	$ -	$ 51,371

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Lac La Hache
Balance, September 30, 2016, and 2017	$ 2,488,909
Additions	83,500
Balance, June 30, 2018	$ 2,572,409

Balance of exploration and evaluation assets represents acquisition costs paid by the Company.

Lac La Hache

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 1% net smelter return ("NSR") due to the original vendor to a maximum of $1,500,000.

b) Peach Lake

The Company owns a 100% interest in seven mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the seven claims to a maximum of $500,000 and a 1% NSR in favour of Peach Lake Resources Ltd., purchasable at any time for $3,000,000.

During the three months ended December 31, 2017, the Company signed an agreement amending the NSR purchase price to $2,000,000. In exchange for the revised agreement, the Company paid $10,000 and issued 350,000 common shares valued at $73,500 (Note 9).

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the Company is not required to pay a NSR to the original vendor.

d) Murphy Lake

The Company owns a 100% interest in six mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1993, the Company has agreed with the original vendor to issue 300,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of $1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

7. EXPLORATION AND EVALUATION ASSETS *(cont'd …)*

Lac La Hache *(cont'd…)*

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. entered into an option agreement whereby the Company acquired a 100% interest in certain unpatented mineral claims located east of Williams Lake, BC, near Lac La Hache. Consideration issued and paid was as follows:

- Cash payments of $870,000;
- Common shares, issuance of 2,400,000 common shares, valued at $600,000; and
- Share purchase warrants, issuance of 2,000,000 share purchase warrants with each warrant exercisable to purchase one additional common share at an exercise price of $0.40 until January 2014. These warrants were valued at $144,000.

The agreement was originally subject to a 2% NSR but this was waived by the vendor in an amendment to the agreement.

Red Property

On July 5, 2016, the Company entered into a joint venture agreement with Pacific Empire Minerals Corp. ("PEMC"). Both parties hold certain adjacent claims located in the Clinton Mining Division of British Columbia and agreed to combine into single property to be known as the Red Property (the "Property") and form an unincorporated joint venture for the purpose of exploring and developing the Property. The participating interests of both parties at the time of the joint venture is 50% with each party responsible for payment of its proportionate share of operating and capital costs, including reclamation and remediation obligations.

Upon formation of the joint venture, a management committee (the "Management Committee") consisting of two representatives of each party and holding voting rights in accordance with each party's participating interest, was established which shall make all decisions which are required to be made by the joint venture participants. The Management Committee shall be responsible for the exploration and development of the Property and for the negotiation of any option or sale of the Property.

During the three-month period ended June 30, 2018, PEMC carried out exploration work on the Property at their sole expense with no dilution to EnGold.

8. PREMISE OPERATING LEASE

During the period ended June 30, 2018, the Company recorded rental payments of $25,370 (June 30, 2017 - $23,001) in exploration and evaluation expenditures in the statement of comprehensive loss.

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the period ended June 30, 2018:

a) The Company issued 350,000 common shares at a price of $0.21 per share to amend the NSR on its Peach Lake property (Note 7).

b) The Company completed a non-brokered private placement of 625,000 flow-through shares at a price of $0.24 per share for gross proceeds of $150,000. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $31,250. During the period ended June 30, 2018, the Company spent all flow-through expenditures required under the issuance and $31,250 was recognized in the statement of comprehensive loss as other income.

9. SHARE CAPITAL AND RESERVES *(cont'd …)*

b) Issued share capital *(cont'd …)*

c) The Company issued 166,666 common shares on the exercise of warrants with strike prices of $0.10 for gross proceeds of $16,667.

d) The Company completed the first tranche of a brokered private placement for 2,429,667 Flow-Through units (the "FT Units") at a price of $0.30 per unit and 193,000 Non-Flow-Through units (the "NFT Units") at a price of $0.26 per unit for gross proceeds of $779,080. Each FT Unit consists of one flow-through common share and one non-flow-through common share purchase warrant entitling the holder to acquire one common share at a price of $0.40 until May 16, 2020. Each NFT Unit consists of one common share and one warrant with each warrant entitling the holder to acquire one common share at a price of $0.35 per share until May 16, 2020. In connection with the closing, the Company paid finders' fees of $86,699 and issued 170,076 agents' warrants with an exercise price of $0.40 and 13,510 agents' warrants with an exercise price of $0.35, both expiring May 16, 2020. The agent's warrants were fair valued at $27,484 using the Black-Scholes pricing model using a share price of $0.25, expected life of two years, and a volatility of 137,99%. The Company incurred additional closing costs of $60,358 in connection with the offering. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded a flow-through liability of $121,483. During the period ended June 30, 2018, the Company spent approximately 27% of the required flow-through expenditures under the issuance and $32,343 was recognized in the statement of comprehensive loss as other income.

During the year ended September 30, 2017:

a) The Company completed the second tranche of a non-brokered private placement for 4,140,000 Flow-Through units (the "FT Units") at a price of $0.07 per unit and 2,204,000 Non-Flow-Through units (the "NFT Units") at a price of $0.05 for gross proceeds of $400,000. Each FT Unit consist of one flow-through common share and one non-flow-through common share purchase warrant entitling the holder to acquire one common share of the Company at a price of $0.10 until October 12, 2018. Each NFT Unit consists of one common share and one warrant with each warrant entitling the holder to acquire one non-flow through common share at a price of $0.08 per share until October 12, 2018. In connection with the offering, the Company paid finder's fees of $27,510 and issued 437,080 warrants with the same terms as above with a fair value of $26,661 using the Black-Scholes pricing model using a share price of $0.07, expected life of two years, and a volatility of 212.04%. The Company incurred additional closing costs of $9,026 in connection with the offering. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded a flow-through liability of $Nil. During the year ended September 30, 2017, the Company spent all flow-through expenditures required under the issuance.

b) The Company completed a non-brokered private placement of 5,500,000 FT Units at $0.20 per Unit for gross proceeds of $1,100,000. The Units consist of one FT share and one warrant to purchase one non-FT common share at a price of $0.30 for two years. The Company paid $79,026 in finder's fees and issued 350,000 finder's warrants with the same terms as above with a fair value of $29,050 using the Black-Scholes pricing model using a share price of $0.14, expected life of two years, and a volatility of 218.90%. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $550,000. During the year ended September 30, 2017, the Company spent all flow-through expenditures required under the issuance.

c) The Company completed a non-brokered private placement of 4,000,000 flow-through units at $0.50 per unit for gross proceeds of $2,000,000, Each unit consists of one flow-through share and one warrant to purchase one non flow-through common share at a price of $0.60 for a period for two years. The Company paid $140,000 in finder's fees and issued 280,000 finder's warrants granting the holder the right to purchase one non flow-through share at $0.60 per share for a period of two years with a fair value of $126,276 using the Black-Scholes pricing model using a share price of $0.56, expected life of two years, and a volatility of 185.57%. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $Nil. During the period ended June 30, 2018, the Company spent the remaining flow-through expenditures required under the issuance.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES *(cont'd …)*

c) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. During the period ended June 30, 2018, the Rolling Option Plan was amended such that the maximum number of eligible shares reserved for issuance under the plan be reduced from 7.5% to 5% of the Company's outstanding common shares. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

Stock option and share purchase warrants transactions are summarized as follows:

	Options			Warrants		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Balance, September 30, 2016	6,050,000	$	0.09	13,600,920	$	0.10
Expired and cancelled	(800,000)		0.25	-		-
Issued	4,459,996		0.36	16,911,080		0.29
Exercised	(5,604,000)		0.07	(10,243,334)		0.10
Balance, September 30, 2017	4,105,996	$	0.39	20,268,666	$	0.26
Issued	-		-	2,806,253		0.40
Exercised	-		-	(166,666)		0.10
Balance, June 30, 2018	4,105,996	$	0.39	22,908,253	$	0.28
Balance, June 30, 2018 - exercisable	1,432,666	$	0.12	22,908,253	$	0.28

As at June 30, 2018, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	196,000	$0.12	October 28, 2018
	1,236,666	$0.40	March 16, 2019
	66,666	$0.40	August 8, 2019
	1,236,666	$0.40	March 16, 2020
	66,666	$0.40	August 8, 2020
	1,236,666	$0.40	March 16, 2021
	66,666	$0.40	August 8, 2021
	4,105,996		

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES *(cont'd …)*

b) Stock options and warrants *(cont'd…)*

As at June 30, 2018, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	2,426,666	$0.10	August 31, 2018
	1,330,920	$0.08	August 31, 2018
	3,773,334	$0.10	October 12, 2018
	2,441,080	$0.08	October 12, 2018
	5,850,000	$0.30	December 7, 2018
	4,280,000	$0.60	April 11, 2019
	2,599,743	$0.40	May 16, 2020
	206,510	$0.35	May 16, 2020
	22,908,253		

10. RELATED PARTY TRANSACTIONS

Key management personnel is comprised of the Chief Executive Officer, Chief Financial Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the period ended June 30, 2018 is as follows:

- Included in management and consulting fees is $90,000 (2017 - $75,000) for services provided by the CEO, $19,000 (2017 - $15,800) paid to the corporate secretary, and $36,000 (2017 - $nil) to a company that employs the CFO of the Company.

- Included in exploration and evaluation expenditures is $118,992 (2017 - $166,000) for geological consulting services to a company controlled by the Vice President of Exploration.

- Included in share-based payments is $446,402 related to the fair value of stock options issued to key management personnel.

An amount of $20,360 (September 30, 2017 - $32,563) included in accounts payable to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

11. COMMITMENTS AND CONTINGENCIES

i) From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. The Company is not aware of any unrecorded material contingent liabilities which require recording in the financial statements for the period ended June 30, 2018.

A former senior officer of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. The Company is defending the cases, believes they are without merit and has issued a counterclaim. No contingent liability has been recorded in relation to these legal proceedings.

ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2018, the Company is not materially exposed to market risk.

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of June 30, 2018, the Company's exposure to interest rate risk is cash with variable interest rate. A change in interest rates of 1% would not materially affect cash.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

Amounts receivable mainly consists of input tax credit receivables from the CRA. Due to the nature of the assets, management believes that the credit risk concentration with respect to receivables is remote and no collateral is held as security for these balances. As at June 30, 2018, the Company had a receivables balance of $26,806 (September 30, 2017 - $104,160).

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by among other things, the strength of the capital markets.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying values for: cash; receivables; and accounts payable and accrued liabilities, and other liabilities approximates fair value due to their short-term nature.

13. COMPARATIVE INFORMATION

Certain amounts for the period ended June 30, 2017 have been restated to conform with the presentation and treatment as at June 30, 2018. The restatements to the statement of comprehensive income include the following:

Three-month period ended June 30, 2017:

- $1,482 was reclassified from office and other to insurance; and
- $7,525 was reclassified from office and other to shareholder communications.

Nine-month period ended June 30, 2017:

- $4,444 was reclassified from office and other to insurance;
- $21,815 was reclassified from office and other to shareholder communications; and
- $3,186 was reclassified from office and other to travel and promotion.

14. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2018:

a) 1,690,000 share purchase warrants with an exercise price of $0.10 and 250,000 share purchase warrants with an exercise price of $0.08 were exercised for gross proceeds of $189,000; and

b) the Company completed the second tranche of a brokered private placement for 373,333 Flow-Through units (the "FT Units") at a price of $0.30 per unit and 77,000 Non-Flow-Through units (the "NFT Units") at a price of $0.26 per unit for gross proceeds of $132,020. Each FT Unit consists of one flow-through common share and one non-flow-through common share purchase warrant entitling the holder to acquire one common share at a price of $0.40 until August 10, 2020. Each NFT Unit consists of one common share and one warrant with each warrant entitling the holder to acquire one common share at a price of $0.35 per share until August 10, 2020. In connection with the closing, the Company paid finders' fees of $19,241 and issued 26,133 agents' warrants with an exercise price of $0.40 and 5,390 agents' warrants with an exercise price of $0.35, both expiring Augusts 10, 2020.