ATAC Resources Ltd.

Consolidated Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ATAC Resources Ltd.

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 18, 2019

ATAC Resources Ltd.

Consolidated Statements of Financial Position

As at December 31, 2018 and 2017

	Note	**December 31, 2018**	December 31, 2017
		$	$
Assets			
Current assets			
Cash and cash equivalents	3	10,691,051	13,990,718
Restricted cash	5	144,339	1,385,006
Receivables and prepayments	4,5	438,401	395,516
Marketable securities	6	464,906	1,022,818
		11,738,697	16,794,058
Non-current assets			
Prepaid exploration expenditures		6,813	30,105
Mineral property interests	8	111,907,084	104,851,142
Reclamation deposit	9	123,904	121,846
		112,037,801	105,003,093
Total assets		**123,776,498**	121,797,151
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		169,529	182,037
Accounts payable to related parties	12	364,591	92,745
Restricted cash payable	5	144,339	1,385,006
		678,459	1,659,788
Non-current liabilities			
Deferred income tax liability	13	16,272,276	15,062,259
Total liabilities		**16,950,735**	16,722,047
Shareholders' equity			
Share capital	10	128,654,319	124,500,676
Contributed surplus	10	4,260,226	5,621,596
Deficit		(26,088,782)	(25,047,168)
Total shareholders' equity		**106,825,763**	105,075,104
Total liabilities and shareholders' equity		**123,776,498**	121,797,151

Nature of operations and going concern	1
Commitments	16
Event after the reporting period	17

Approved on behalf of the Board of Directors on March 18, 2019:

"Bruce J. Kenway" **Director** *"Glenn R. Yeadon"* **Director**

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

ATAC Resources Ltd.

Consolidated Statements of Changes in Shareholders' Equity

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

	Number of shares	Share capital	Contributed surplus	Deficit	Total shareholders' equity
	#	$	$	$	$
January 1, 2017	122,822,077	116,011,508	4,853,086	(20,664,196)	100,200,398
Share-based payments	-	-	886,715	-	886,715
Exercise of options	355,000	110,050	-	-	110,050
Re-allocated on exercise of options	-	67,080	(67,080)	-	-
Re-allocated on cancellation of options	-	-	(51,125)	51,125	-
Private placement shares issued	16,684,800	8,342,400	-	-	8,342,400
Share issue costs	-	(30,362)	-	-	(30,362)
Loss and comprehensive loss for the year	-	-	-	(4,434,097)	(4,434,097)
December 31, 2017	139,861,877	124,500,676	5,621,596	(25,047,168)	105,075,104
January 1, 2018	139,861,877	124,500,676	5,621,596	(25,047,168)	105,075,104
Shares issued for mineral property interest	60,000	30,000	-	-	30,000
Share-based payments	-	-	1,283,776	-	1,283,776
Exercise of options	50,000	15,500	-	-	15,500
Re-allocated on exercise of options	-	9,448	(9,448)	-	-
Re-allocated on cancellation of options	-	-	(2,697,198)	2,697,198	-
Private placement shares issued	7,556,700	4,534,020	-	-	4,534,020
Flow-through premium liability	-	(151,134)	-	-	(151,134)
Share issue costs	-	(284,191)	61,500	-	(222,691)
Loss and comprehensive loss for the year	-	-	-	(3,738,812)	(3,738,812)
December 31, 2018	**147,528,577**	**128,654,319**	**4,260,226**	**(26,088,782)**	**106,825,763**

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

ATAC Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31,	Note	2018 $	2017 $
Expenses			
Consulting fees	12	54,000	51,000
Flow-through taxes	16	4,027	1,073
General administrative expenses		57,839	78,212
Insurance		55,314	46,643
Investor relations and shareholder information		236,384	222,864
Management, administration and corporate development fees	12	76,701	178,513
Office rent	12	42,000	42,000
Professional fees	12	144,805	189,304
Property examination costs	12	-	145
Salaries and benefits	12	341,160	228,866
Share-based payments	10,12	1,283,776	886,715
Transfer agent and filing fees		22,378	20,116
Loss from operating expenses		**(2,318,384)**	(1,945,451)
Project management fees	5	100,000	100,000
Interest income		178,732	167,026
Loss on marketable securities	6	(557,912)	(436,571)
Loss for the year before income taxes		**(2,597,564)**	(2,114,996)
Deferred income tax expense	13	(1,141,248)	(2,319,101)
Loss and comprehensive loss for the year		**(3,738,812)**	(4,434,097)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	**11**	**144,483,230**	133,950,616
- diluted #	**11**	**144,483,230**	133,950,616
Basic loss per share $	**11**	**(0.03)**	(0.03)
Diluted loss per share $	**11**	**(0.03)**	(0.03)

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

Consolidated Statements of Cash Flows

For the years ended December 31,

	Note	**2018** $	2017 $
Operating activities			
Loss and comprehensive loss for the year		(3,738,812)	(4,434,097)
Adjustments for:			
Share-based payments		1,283,776	886,715
Loss on marketable securities		557,912	436,571
Interest income		(178,732)	(167,026)
Deferred income tax expense		1,141,248	2,319,101
Net change in non-cash working capital items	14	(201,377)	(276,699)
		(1,135,985)	(1,235,435)
Financing activities			
Issue of common shares for cash		4,549,520	8,452,450
Share issue costs		(305,056)	(41,592)
Receipt of Barrick exploration funds	5	5,626,641	4,955,552
Use of Barrick exploration funds	5	(5,482,302)	(3,570,546)
To Barrick restricted cash	5	(144,339)	(1,385,006)
		4,244,464	8,410,858
Investing activities			
Interest received		178,732	167,026
Proceeds on disposal of marketable securities		-	9,777
Reclamation deposits		(2,058)	(121,846)
Yukon mining exploration grant received		31,401	6,144
Mineral property acquisition costs		(51,686)	(107,556)
Prepaid exploration expenditures		(7,264)	(50,113)
Deferred exploration and evaluation expenditures		(6,557,271)	(7,716,551)
		(6,408,146)	(7,813,119)
Decrease in cash and cash equivalents		**(3,299,667)**	(637,696)
Cash and cash equivalents, beginning of year		**13,990,718**	14,628,414
Cash and cash equivalents, end of year		**10,691,051**	13,990,718

Supplemental cash flow information 14

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

1. Nature of operations and going concern

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. These consolidated financial statements ("financial statements") of the Company as at December 31, 2018 and December 31, 2017 and for the years ended December 31, 2018 and 2017 comprise the Company and its subsidiaries. Its common shares trade on the TSX Venture Exchange ("TSX-V").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at December 31, 2018, the Company had working capital of $11,060,238 (December 31, 2017 - $15,134,270) and shareholders' equity of $106,825,763 (December 31, 2017 - $105,075,104). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

(b) Principles of consolidation

These financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

See note 7 for details of subsidiary information.

2. Significant accounting policies (continued)

(b) Principles of consolidation (continued)

Associates are those entities in which the Company has significant influence, but not control over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. When applicable, the financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee. The Company has no associates requiring equity accounting.

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. When applicable, the financial statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation and its share of any revenues and expenses from the joint operation.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment, to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) New accounting policy

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

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

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

Cash and cash equivalents, restricted cash, marketable securities and trade receivables continue to be recorded at FVTPL and other receivables and loans, initially at FVTPL, are subsequently recorded at amortized cost using the effective interest rate method. Trade and other payables are classified and measured as other financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

2. Significant accounting policies (continued)

(d) Financial instruments

The Company classifies its financial instruments in the following categories: as FVTPL, financial assets at amortized cost and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Non-derivative financial assets and liabilities

Recognition

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

Classification

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

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

(b) Those to be measured at amortized cost.

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

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

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

Cash and cash equivalents, restricted cash and reclamation deposit are classified as FVTPL and are accounted for at fair value. Restricted cash is held on behalf of others and may only be expended as directed by the contributor and is repayable on demand. Cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Trade receivables are classified as financial assets at amortized cost.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Derivative financial assets

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

(iii) Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities, restricted cash payable and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

(e) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Mineral property interests that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the year the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the year the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned or inactive for a prolonged period, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds estimated reserves, an impairment provision is recorded.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

2. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets

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

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(e) above.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from contributed surplus.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(h) Flow-through share private placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed.

2. Significant accounting policies (continued)

(i) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital and the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed from contributed surplus and credited to deficit.

(j) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses.

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

2. Significant accounting policies (continued)

(k) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

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

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(l) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(m) Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares and/or warrants received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

(ii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainly and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

(iii) The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

2. Significant accounting policies (continued)

(m) Use of estimates and critical judgments (continued)

Judgments

(i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) Expenditures on properties made on behalf of a farmee subject to a farm-in agreement are not considered to be those of the Company. Funding advanced to the Company by the farmee and payments made by the Company on its behalf are considered cash flows by the Company.

(iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(n) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2019. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Effective for annual periods beginning on or after January 1, 2019

• New standard IFRS 16 - *Leases*

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

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

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

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of this new standard to have a material impact on its consolidated financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	December 31, 2018 $	December 31, 2017 $
Bank and broker balances	296,928	1,503,244
Cashable investment certificates	10,394,123	12,487,474
	10,691,051	13,990,718

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	December 31, 2018 $	December 31, 2017 $
Sales tax recoverable	218,327	21,379
Prepaid expenses	75,761	86,683
JVEI property receivables (note 5)	144,313	256,053
Yukon mineral exploration grant receivable	-	31,401
	438,401	395,516

5. JVEI property receivables and restricted cash

On April 7, 2017 (and as amended October 3, 2018), the Company executed a joint venture earn-in agreement (“JVEI”) with Barrick Gold Corporation (“Barrick”) (see note 8(a)(i)). The JVEI was terminated on December 10, 2018. Under the JVEI, the Company was appointed project operator and received a management fee equal to 5% of exploration expenditures, not to exceed $100,000 in any given year. For the year ended December 31, 2018, the Company has earned the maximum $100,000 (2017 - $100,000) management fee which is reflected as income on the consolidated statement of loss and comprehensive loss.

The Company maintains a JVEI bank account to receive cash advances from Barrick to pay for the exploration amounts as incurred. Barrick was considered to be a farmee with expenditures ultimately directed by Barrick. During the year ended December 31, 2017, the Company received advance exploration funds of $4,955,552 and during the year ended December 31, 2018, an additional $5,626,641 was received from Barrick towards the 2018 exploration program.

All funds received from Barrick, net of recoverable GST, have been spent on the $10,000,000 guaranteed property expenditures required under the JVEI (note 8). As at December 31, 2018, the Company is owed $144,313 (December 31, 2017 - $256,053) from Barrick, which was subsequently received from the Barrick restricted cash on hand of $144,339 (December 31, 2017 - $1,385,006).

As at December 31, 2018, there are no amounts owing to suppliers (December 31, 2017 - $111,718) related to Barrick exploration expenditures.

The Barrick funds have been recorded as restricted cash with an off-setting restricted cash payable for the same amount.

6. Marketable securities

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

	Shares with an active market	Shares without an active market	Warrants	Total	Total loss
	$	$	$	$	$
Cost					
January 1, 2017	1,691,834	10,000	475,000	2,176,834	
Proceeds on disposal	-	(9,777)	-	(9,777)	
Realized loss	-	(223)	-	(223)	(223)
December 31, 2017	1,691,834	-	475,000	2,166,834	
Fair value					
January 1, 2017	1,095,827	1	373,338	1,469,166	
Cost of disposals	-	(10,000)	-	(10,000)	
Unrealized (loss) gain	(307,825)	9,999	(138,522)	(436,348)	(436,348)
December 31, 2017	788,002	-	234,816	1,022,818	(436,571)
Cost					
January 1, 2018	1,691,834	-	475,000	2,166,834	
December 31, 2018	1,691,834	-	475,000	2,166,834	
Fair value					
January 1, 2018	788,002	-	234,816	1,022,818	
Unrealized loss	(401,821)	-	(156,091)	(557,912)	(557,912)
December 31, 2018	**386,181**	**-**	**78,725**	**464,906**	**(557,912)**

The valuation of the shares with an active market has been determined in whole by reference to the bid price of the shares on the TSX-V or Toronto Stock Exchange ("TSX") at each period end date.

The shares without an active market were private company shares received as payment on optioned mineral property interests. The shares were written-down in 2008 to a carrying value of $1, as no active market existed. The Company recovered $9,777 on the windup of that company.

7. Subsidiary information

On July 14, 2010 two wholly-owned subsidiary companies, 0885802 B.C. Ltd. and 0885794 B.C. Ltd. were incorporated under the laws of the Province of British Columbia, Canada to facilitate the possible transfer to them of certain of the Company's mineral property interests. From incorporation to December 31, 2018, neither of the subsidiaries have had any transactions other than to issue nominal $1 share capital to the Company.

The head offices and records offices of the subsidiaries are the same as the Company, as detailed in note 1.

8. Mineral property interests

The Company's mineral property interests consist of various exploration stage properties located in the Yukon Territory, Canada. The properties have been grouped into those which are wholly-owned and those which are royalty or other interests. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

	Wholly-owned $	Other interests $	Total $
January 1, 2017	96,985,836	-	96,985,836
Acquisitions/staking/assessments	107,556	-	107,556
Exploration and evaluation	7,757,750	-	7,757,750
December 31, 2017	104,851,142	-	104,851,142
January 1, 2018	104,851,142	-	104,851,142
Acquisitions/staking/assessments	81,686	-	81,686
Exploration and evaluation	6,974,256	-	6,974,256
December 31, 2018	**111,907,084**	**-**	**111,907,084**

Changes in the project carrying amounts for the years ended December 31, 2017 and December 31, 2018 are summarized as follows:

Year ended December 31, 2017

	January 1, 2017 $	Acquisitions / staking / assessments $	Exploration and evaluation $	December 31, 2017 $
Wholly-owned projects				
(1) Rackla Gold Property				
- Osiris and Orion	61,843,223	61,823	6,515,479	68,420,525
- Rau	34,927,893	-	1,120,690	36,048,583
	96,771,116	61,823	7,636,169	104,469,108
Connaught	106,269	20,862	21,169	148,300
Idaho Creek	19,490	-	-	19,490
Panorama	16,110	-	-	16,110
Rosy	72,851	24,871	100,412	198,134
Total	96,985,836	107,556	7,757,750	104,851,142

(1) Excludes any expenditures on the Orion project incurred by Barrick

8. Mineral property interests (continued)

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

	Osiris	Rau	Others	Total
Year ended December 31, 2017	$	$	$	$
Assays	256,432	57,534	32,898	346,864
Drilling	1,952,203	273,891	-	2,226,094
Field	699,986	142,555	14,676	857,217
Helicopter and fixed wing	1,554,801	240,693	21,810	1,817,304
Labour	1,480,442	285,711	73,923	1,840,076
Resource, engineering and environmental studies	38,567	4,162	-	42,729
Surveys and consulting	161,726	70,675	1,160	233,561
Travel and accommodation	371,322	45,469	8,515	425,306
	6,515,479	1,120,690	152,982	7,789,151
Less: Yukon mineral exploration grant	-	-	(31,401)	(31,401)
Total	6,515,479	1,120,690	121,581	7,757,750

Year ended December 31, 2018

		January 1, 2018	Acquisitions / staking / assessments	Exploration and evaluation	December 31, 2018
		$	$	$	$
	Wholly-owned projects				
	Rackla Gold Property				
(1)	- Osiris and Orion	68,420,525	32,701	6,506,895	74,960,121
	- Rau	36,048,583	17,629	445,998	36,512,210
		104,469,108	**50,330**	**6,952,893**	**111,472,331**
	Connaught	148,300	31,356	10,474	190,130
	Idaho Creek	19,490	-	58	19,548
	Panorama	16,110	-	-	16,110
	Rosy	198,134	-	10,831	208,965
	Total	**104,851,142**	**81,686**	**6,974,256**	**111,907,084**

(1) Excludes any expenditures on the Orion project incurred by Barrick

8. Mineral property interests (continued)

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

Year ended December 31, 2018	Osiris $	Rau $	Others $	Total $
Assays	193,906	46,584	403	240,893
Drilling	1,402,553	-	-	1,402,553
Field	757,128	39,069	338	796,535
Helicopter and fixed wing	1,757,800	85,717	-	1,843,517
Labour	1,468,785	172,338	20,386	1,661,509
Resource, engineering and enviromental studies	174,267	70,999	-	245,266
Surveys and consulting	324,919	16,127	-	341,046
Travel and accommodation	427,537	15,164	236	442,937
	6,506,895	**445,998**	**21,363**	**6,974,256**
Less: Yukon mineral exploration grant	-	-	-	-
Total	**6,506,895**	**445,998**	**21,363**	**6,974,256**

(a) Wholly-owned projects

The Company's wholly owned projects are comprised of the rights to explore various mineral claims located in the Yukon Territory, which are at various stages of exploration. They are not subject to any option or sale agreements, except as noted below.

(i) Rackla Gold property

The Rackla Gold property consists of a 100% interest in the various mineral properties located in the Mayo Mining District, Yukon Territory. Cash and common shares totaling $165,600 have been received under previous Rackla Gold property option agreements.

The Rackla Gold property has been divided into three separate projects, being the Rau project, which hosts the Tiger Gold deposit, and the Osiris and Orion projects, which were previously described as the Nadaleen property.

The Osiris project hosts Carlin-type gold mineralization and continues to be explored by the Company.

The Orion project was previously subject to a JVEI, which was executed on April 7, 2017 with Barrick. Under the JVEI, Barrick had the right to acquire a 70% interest in the Company's Orion project, which forms the central part of the Company's Rackla Gold Property, for an aggregate of $55,000,000 in exploration expenditures.

For a 60% interest, the following exploration expenditures were required:

- $10,000,000 on or before December 31, 2019 (guaranteed amount);
- $10,000,000 on or before December 31, 2020; and
- $15,000,000 on or before December 31, 2021

As at December 31, 2018, Barrick had incurred the full $10,000,000 of the guaranteed amount (note 5), exclusive of recoverable GST. Barrick opted to terminate the JVEI on December 10, 2018 and does not retain any interest in the project.

8. Mineral property interests (continued)

(a) Wholly-owned projects (continued)

(i) Rackla Gold property (continued)

During the year ended December 31, 2017, the Company completed a flow-through private placement consisting of the issue of 16,684,800 flow-through common shares at a price of $0.50 each for gross proceeds of $8,342,400. Barrick became the ultimate owner of the shares, which increased their shareholdings in the Company to approximately 19.9% from 9.2%, and Barrick was given the right to maintain its 19.9% interest by participating pro-rata in any future equity financings by the Company (note 10).

(ii) Connaught project

The Connaught project consists of a 100% interest in the CN, NC, OM and TN mineral claims located in the Dawson Mining District, Yukon Territory.

Cash and common shares totaling $252,500 were received in 2009 for a 50% sale of the project, which was repurchased in 2012 by issuing common shares having a value of $182,250.

The TN claims were acquired in August 2018 through the issuance of 60,000 common shares with a fair value of $30,000 (note 10). The vendor retains a 1% NSR on the claims.

(iii) Idaho Creek project

The Idaho Creek project consists of a 100% interest in the Idaho mineral claims located in the Whitehorse Mining District, Yukon Territory.

Cash and common shares totaling $269,413 have been received under previous option agreements.

(iv) Panorama project

The Panorama project consists of a 100% interest in the Aussie mineral claims located in the Dawson Mining District, Yukon Territory. The claims are subject to a 3% NSR on all commercial production from the claims.

Cash and common shares totaling $328,400 have been received under previous option agreements.

(v) Rosy project

The Rosy project consists of a 100% interest in the Rosy and Sam mineral claims located in the Whitehorse Mining District, Yukon Territory.

Cash and common shares totaling $167,000 have been received under previous option agreements.

(b) Other interests

Royalty interests

The Company has a 1% NSR on the Golden Revenue, Nitro, Seymour and Dawson Gold properties located in the Dawson and Whitehorse Mining Districts, Yukon Territory.

9. Reclamation deposit

The reclamation deposit is comprised of a cashable guaranteed investment certificate with a one-year term. It is pledged to the Yukon Government to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposit.

10. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value, and unlimited Class "A" preferred shares with a par value of $1.00 each. All issued shares are fully paid.

Transactions for the issue of share capital during year ended December 31, 2018:

(a) The Company issued 60,000 common shares at a price of $0.50 per share for total consideration of $30,000. The shares were issued to acquire the TN claims (note 8(a)(ii)), that form part of the Company's Connaught project.

(b) The Company issued 50,000 common shares on the exercise of options for proceeds of $15,500. In addition, $9,448 representing the fair value of the options on initial vesting was re-allocated from contributed surplus to share capital.

(c) On May 25, 2018, the Company completed a flow-through private placement consisting of the issue of 7,556,700 flow-through common shares at a price of $0.60 each for gross proceeds of $4,534,020. The flow-through shares were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be $151,134 and has been recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which was reversed pro-rata as the required exploration expenditures were incurred (see note 16).

Finders' fees totaling $328,885 were incurred in respect of the placement, including the issue of 437,441 finders' warrants having a fair value of $61,500. Legal and filing fees amounted to $37,670 and have been recorded as a share issue cost and deducted from share capital net of deferred income tax benefits of $82,364.

As discussed below, Barrick had the right to participate in the financing to maintain its 19.9% interest in the Company but opted not to participate.

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

(d) On May 3, 2017, the Company completed a flow-through private placement consisting of the issue of 16,684,800 flow-through common shares at a price of $0.50 each for gross proceeds of $8,342,400. Barrick became the ultimate owner of the shares, which increased their shareholdings in the Company to approximately 19.9% from 9.2%, and Barrick was given the right to maintain its 19.9% interest by participating pro-rata in any future equity financings by the Company. The flow-through funds were spent on properties other than the Orion project (see note 16).

No finder's fees were paid in respect of the placement. Legal and filing fees amounted to $41,592 and were recorded as a share issue cost and deducted from share capital net of deferred income tax benefits of $11,230.

(e) The Company issued 355,000 common shares on the exercise of options for proceeds of $110,050. In addition, $67,080 representing the fair value of the options on initial vesting was re-allocated from contributed surplus to share capital.

Common share rights

The Company has a "Rights Plan" under which one right is issued for each issued and outstanding common share of the Company. Each right entitles the holder to purchase from the Company one common share at a price equal to one-half the market price for each common share of the Company, subject to certain anti-dilutive adjustments. The rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Plan. The current Rights Plan was replaced with a new Rights Plan at the May 2017 annual shareholders' meeting and will remain in effect until the annual shareholders' meeting in 2020. As at December 31, 2018, there were 147,528,577 rights outstanding (December 31, 2017 – 139,861,877).

10. Share capital (continued)

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above "Market Price" will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below "Market Price" will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

A summary of the status of the Company's stock options as at December 31, 2018 and December 31, 2017 and changes during the years then ended is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Options outstanding, beginning of year	11,170,000	0.79	8,500,000	0.85
Granted	3,415,000	0.55	3,115,000	0.55
Exercised	(50,000)	0.31	(355,000)	0.31
Expired/cancelled	(2,485,000)	1.51	(90,000)	0.87
Options outstanding, end of year	**12,050,000**	**0.57**	11,170,000	0.79

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

	Options outstanding #	Options exercisable #	Exercise price $	Expiry date
(1)	1,905,000	1,905,000	0.75	February 3, 2019
	1,550,000	1,550,000	0.75	January 23, 2020
	1,990,000	1,990,000	0.31	January 21, 2021
	250,000	250,000	0.76	June 7, 2021
	2,940,000	2,940,000	0.55	May 26, 2022
	3,165,000	2,373,750	0.55	February 1, 2023
	250,000	187,500	0.53	March 1, 2023
	12,050,000	**11,196,250**		

(1) All of these options subsequently expired unexercised.

10. Share capital (continued)

Stock options (continued)

The following table summarizes information about the stock options outstanding at December 31, 2018:

Range of prices $	Options #	Weighted average remaining life years	Weighted average exercise price $
0.31 - 0.55	8,345,000	3.37	0.49
0.75 - 0.76	3,705,000	0.66	0.75
	12,050,000	**2.53**	**0.57**

During the year ended December 31, 2018, 3,415,000 stock options (2017 – 3,115,000) were granted to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years (2017 – five years), stock price volatility – 78.61% (2017 – 71.49%), no dividend yield (2017 – nil), and a risk-free interest rate yield – 2.12% (2017 - 0.94%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years.

Using the above assumptions, the fair value weighted average of options granted during the year ended December 31, 2018, was $0.34 per option (2017 – $0.34), for a total of $1,146,541 (2017 - $1,053,412). The total share-based payment expense for the year ended December 31, 2018 was $1,283,776 (2017 - $886,715), which is presented as an operating expense, and includes only options that vested during the periods.

During the year ended December 31, 2018, 1,830,000 options (2017 – nil), expired unexercised. As a result, the original share-based payments expense of $2,427,036 (2017 - $nil) was reversed from contributed surplus and credited to deficit.

During the year ended December 31, 2018, 655,000 stock options (2017 – 90,000), were cancelled. As a result, the original share-based payments expense of $270,162 (2017 - $51,125) has been reversed from contributed surplus and credited to deficit.

Warrants

As an incentive to complete private placements the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model. During the year ended December 31, 2018, the Company granted 437,441 finders' warrants in connection with a flow-through financing completed (note 10). The value of the warrants was determined to be $61,500 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants - one year, stock price volatility – 62.38%, no dividend yield, and a risk-free interest rate yield – 1.92%.

There were no warrants outstanding as at December 31, 2017 and at any point during the year then ended. As at December 31, 2018, there are 437,441 warrants outstanding, exercisable at $0.60 for a period expiring May 25, 2019. No other warrants were outstanding at any point during the year ended December 31, 2018.

Contributed surplus

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled.

11. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the loss of \$3,738,812 (2017 – \$4,434,097) and a weighted average number of common shares outstanding of 144,483,230 (2017 – 133,950,616).

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

12. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2018 or December 31, 2017.

Graham Downs, the Company's President and CEO and Matthew Keevil, the Company's Vice-president of Corporate Affairs, receive monthly salaries and incentive stock options. All other key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

During the year ended December 31, 2018, 2,850,000 stock options (2017 – 2,200,000) were granted to key management personnel and Directors having a fair value on issue of \$957,685 (2017 - \$743,983). The options granted are exercisable at \$0.55 and \$0.53 until February 1, 2023 and March 1, 2023, and vest over one-year periods ending February 1, 2019 and March 1, 2019.

During the year ended December 31, 2018, 1,600,000 management personnel and Director stock options having a fair value on issue of \$2,152,287 expired unexercised. No management personnel or Director stock options had expired or were cancelled or surrendered during the year ended December 31, 2017.

The Company transacted with the following related parties:

(a) Archer Cathro is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, accounting and office rent and administration. The charges by Archer Cathro include the services of Julia Lane, who is the Vice President of Exploration, and a minority shareholder of Archer Cathro.

(b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.

(c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.

(d) Douglas Goss is a Director and the Company's Chairman of the Board. He controls Douglas O. Goss Professional Corporation ("D. Goss Corporation"), which provides consulting services to the Company.

(e) Ian Talbot is the Company's COO. He provides the Company with management services.

(f) Robert Carne is a Company Director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.

(g) Graham Downs is the Company's President and CEO. He is paid a monthly salary and benefits for his services.

(h) Bruce Kenway is a Company Director. He is a partner in Kenway Mack Slusarchuk Stewart LLP ("Kenway Mack"). Effective April 1, 2017, he is being compensated for his monthly advisory services as Chairman of the Audit Committee. The services are being rendered through Kenway Mack.

(i) Matthew Keevil is the Company's Vice-president of Corporate Affairs. Effective March 1, 2018, he is paid a monthly salary and benefits for his services.

12. Related party payables and transactions (continued)

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions year ended December 31, 2018 $	Transactions year ended December 31, 2017 $	**Balance outstanding December 31, 2018 $**	Balance outstanding December 31, 2017 $
Archer, Cathro				
- geological services	2,285,465	2,589,919	314,050	48,941
- office and administration	78,731	180,087	26,057	14,121
	2,364,196	2,770,006	340,107	63,062
Carvest	6,670	32,070	-	-
Yeadon Law Corp.	61,073	51,731	6,484	5,561
Donaldson Grassi	56,300	62,960	18,000	15,000
D. Goss Corporation	42,000	42,000	-	3,675
Graham Downs	228,919	228,866	-	-
Ian Talbot	40,906	36,094	-	2,297
Kenway Mack	12,000	9,000	-	3,150
Matthew Keevil	112,253	-	-	-
	2,924,317	3,232,727	**364,591**	92,745

All related party balances are unsecured and are due within thirty days without interest.

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

(a) Consulting fees
- Includes the consulting fees paid to Director, Douglas Goss, charged to the Company by D. Goss Corporation.
- Includes the advisory services paid to Director, Bruce Kenway, charged to the Company by Kenway Mack.

(b) Management, administration and corporate development fees
- Includes the services of Company's COO, Ian Talbot.
- Includes charges by Archer Cathro for administrative and investor relations personnel.

(c) Office rent
- Charged by Archer Cathro

(d) Professional fees
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corporation.
- Includes the accounting services of Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.

(e) Property examination costs
- Includes charges by Archer Cathro for exploration personnel.

(f) Salaries and benefits
- Includes only the salaries and benefits of the Company's President and CEO, Graham Downs and Vice-president of Corporate Affairs, Matthew Keevil.

13. Income Taxes

Income tax expense for the years ended December 31, 2018 and 2017 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to (loss) income before income taxes as follows:

	December 31, 2018 $	December 31, 2017 $
Loss before income taxes	(2,597,564)	(2,114,996)
Statutory Canadian corporate tax rate	27.0%	26.0%
Anticipated income tax recovery (expense)	701,342	549,899
Change in tax resulting from:		
Unrecognized items for tax purposes	(421,938)	(298,350)
Tax rate adjustment	-	(513,539)
Tax benefits renounced on flow-through expenditures	(1,420,652)	(2,057,111)
Net deferred income tax expense	**(1,141,248)**	(2,319,101)

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

	December 31, 2018 $	December 31, 2017 $
Unrealized losses on marketable securities	229,761	154,442
Mineral property interests	(20,658,792)	(19,085,190)
Unclaimed investment tax credits	860,606	860,606
Non-capital loss carry forwards	3,155,709	2,889,446
Capital loss carry forwards	44,369	44,369
Share issue costs	96,071	74,068
Net deferred income tax liability	**(16,272,276)**	(15,062,259)

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

As at December 31, 2018 the Company has non-capital loss carry forwards of approximately $11,688,000 (December 31, 2017 - $10,702,000) of which $7,000 will expire in 2028, $471,000 in 2029, $1,175,000 in 2030, $1,666,000 in 2031 and $8,369,000 thereafter.

As at December 31, 2018 the Company has unused capital losses of $328,659 (December 31, 2017 - $328,659), which have no expiry date and can only be used to reduce future income from capital gains.

As at December 31, 2018 the Company has unclaimed resource and other deductions in the amount of $35,393,040 (December 31, 2017 - $34,165,254), which may be deducted against future taxable income.

As at December 31, 2018 there are share issue costs totaling $355,820 (December 31, 2017 - $274,324), which have not been claimed for income tax purposes.

As at December 31, 2018 the Company has unused investment tax credits totaling $1,178,912, (December 31, 2017 - $1,178,912), which have not been claimed for income tax purposes. Of the credits, $957,999 will expire in 2032 and $220,913 in 2033.

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

14. Supplemental cash flow information

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

	December 31, 2018	December 31, 2017
	$	$
Receivables and prepayments	(191,276)	(39,838)
JVEI property receivables	-	(256,053)
Accounts payable and accrued liabilities	(16,838)	14,467
Accounts payable to related parties	6,737	4,725
Net change	**(201,377)**	(276,699)

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

	December 31, 2018	December 31, 2017
	$	$
Non-cash financing activity		
(Decrease) increase in restricted cash payable	(1,240,667)	1,385,006
Contributed surplus on finders' warrants issued	61,500	-
Share issue costs on finders' warrants issued	(61,500)	-
Share capital reduced by flow-through share premium	151,134	-
Shares issued for mineral property interest	30,000	-
	(1,059,533)	1,385,006
Non-cash investing activities:		
Mineral property interest acquired by issue of share capital	(30,000)	-
Deferred exploration expenditures included in accounts payable and related party payables	421,556	152,095
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	-	(31,401)
	391,556	120,694

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

15. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company’s capital structure as at December 31, 2018 is comprised of shareholders’ equity of $106,825,763 (December 31, 2017 - $105,075,104).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional funds from equity markets.

15. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, marketable securities, reclamation deposit, accounts payable and accrued liabilities, and accounts payable to related parties.

The carrying value of trade receivables, accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2018				
Cash and cash equivalents	10,691,051	-	-	10,691,051
Restricted cash	144,339	-	-	144,339
Marketable securities	386,181	78,725	-	464,906
Reclamation deposit	123,904	-	-	123,904
	11,345,475	**78,725**	**-**	**11,424,200**
December 31, 2017				
Cash and cash equivalents	13,990,718	-	-	13,990,718
Restricted cash	1,385,006	-	-	1,385,006
Marketable securities	788,002	234,816	-	1,022,818
Reclamation deposit	121,846	-	-	121,846
	16,285,572	234,816	-	16,520,388

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure as its refundable credits are due from Canadian Government, and its JVEI property receivables are secured by restricted cash held by the Company.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the year ended December 31, 2018, every 1% fluctuation in interest rates up or down would have impacted loss for the year, up or down, by approximately $124,000 (2017 - $144,000) before income taxes.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

15. Financial risk management (continued)

(d) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2018 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the year, up or down, by approximately $46,000 (2017 - $102,000) before income taxes.

16. Commitments

On May 3, 2017, the Company completed a private placement of flow-through shares for gross proceeds of $8,342,400. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2018 and renounce the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2017. As of December 31, 2018, all funds have been spent, of which $1,287,409 was spent in 2018 under the lookback rules. The 2018 expenditures are subject to a floating rate interest tax which has been estimated to be $4,027.

On May 25, 2018, the Company completed a private placement of flow-through shares for gross proceeds of $4,534,020. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2019. As of December 31, 2018, all funds have been spent. The expenditures and available income tax benefits were renounced to the flow-through shareholders effective December 31, 2018.

17. Event after the reporting period

In February 2019, the Company granted 2,680,000 incentive stock options to its Officers, Directors, related company employees and consultants, which vest one-quarter every three months at an exercise price of $0.30 each until February 4, 2024.