NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.

Financial Statements

For the years ended December 31, 2017 and 2016

AUDITED

2017

NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.

Financial Statements

For the years ended December 31, 2017 and 2016

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NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.

Management Responsibility for Annual Financial Statements

For the years ended December 31, 2017 and 2016

The accompanying financial statements of Newbaska Gold and Copper Mines Ltd. (the "Company" or "Newbaska") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the audited annual financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the audited annual financial statements together with other financial information. An Audit Committee, whose members are not officers of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal control over the financial reporting process, the audited annual financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its finding to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this 27th day of April 2018.

Newbaska Gold and Copper Mines Ltd.

(signed) " Charles A.Veilleux"
Charles A. Veilleux
President and Chief Executive Officer

(signed) " Robert Turgeon"
Robert Turgeon
Chief Financial Officer

S & W LLP
Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Newbaska Gold and Copper Mines Ltd. / Mines d'Or et de Cuivre Newbaska Ltée.:

We have audited the accompanying financial statements of Newbaska Gold and Copper Mines Ltd. / Mines d'Or et de Cuivre Newbaska Ltée., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of net loss, comprehensive loss and deficit, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Newbaska Gold and Copper Mines Ltd. / Mines d'Or et de Cuivre Newbaska Ltée. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which discloses conditions that indicate the existence of a material uncertainty that may cast significant doubt about Newbaska Gold and Copper Mines Ltd. / Mines d'Or et de Cuivre Newbaska Ltée.'s ability to continue as a going concern.

S+W LLP

April 27, 2018
Toronto, Canada

S&W LLP
Chartered Professional Accountants, Licensed Public Accountants

NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.
Statements of Financial Position
AUDITED

As at	Notes	**December 31, 2017**	December 31, 2016
		$	$
ASSETS			
Non-current assets			
Exploration assets	3	**115,000**	115,000
Total non-current assets		**115,000**	115,000
Current assets			
Amounts receivable and other assets	4	**1,031**	1,106
Cash and cash equivalents	5	**1,919**	21
Total current assets		**2,950**	1,126
Total Assets		**117,950**	116,126
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	6	**1,548,614**	1,548,614
Contributed surplus		**105,901**	104,979
Deficit		**(2,019,480)**	(1,914,087)
Total equity		**(364,965)**	(260,494)
LIABILITIES			
Non-Current Liabilities			
Director note payable	7 - 10	**38,150**	20,150
Total non-current liabilities		**38,150**	20,150
Current liabilities			
Amounts payable and accrued liabilities	7	**441,264**	352,970
Deferred premium on flow-through shares	6	**3,500**	3,500
Total current liabilities		**444,764**	**356,470**
Total liabilities		**482,914**	**376,620**
Total Equity and Liabilities		**117,949**	116,126

Going concern	1
Commitments and contingencies	12

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

Approved on behalf of the Board of Directors:

(signed) Charles A. Veilleux

Charles A. Veilleux, President

(signed) Robert Turgeon

Robert Turgeon, Secretary Treasurer

NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.
Statements of Net Loss, Comprehensive Loss and Deficit
AUDITED

		For the years ended December 31,	
		2017	2016
	Notes	**$**	$
Expenses			
Consulting fees	10	**69,596**	60,000
Professional fees		**11,200**	11,200
Management fees	10	**12,000**	12,000
Director fees	10	**1,500**	1,500
Transfer and filing fees		**5,566**	**4,310**
General and administrative		**3,772**	**3,775**
Travel and entertainment		**431**	454
Interest and bank charges		**260**	248
Evaluation expenses (net of governments refund credits)		**147**	150
Stock-based compensation	6, 10	**922**	3,262
		105,393	96,899
Loss from operations		**(105,393)**	(96,899)
Net loss and comprehensive loss for the year		**(105,393)**	(96,899)
Deficit, beginning of year		**(1,914,087)**	(1,817,188)
Deficit, end of year		**(2,019,480)**	(1,914,087)
Basic and diluted loss per share (Note 9)		**(0.010) $**	(0.010) $
Weighted average outstanding shares		**10,132,281**	10,132,281

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

NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.
Statements of Cash Flows
AUDITED

	Notes	For the years ended December 31, 2017	2016
		$	$
Cash flows from operating activities			
Net Loss and Comprehensive Loss		**(105,393)**	(96,899)
Adjustment for items not affecting cash:			
Stock-based compensation	6	**922**	3,262
Deferred Premium on Flow-through shares		**-**	-
Changes in non-cash working capital			
Amounts receivable and other assets		**75**	377
Amounts payable and accrued liabilities		**106,293**	92,218
Net cash flows generated (used) in operating activities		**1,898**	(1,041)
Cash flows from investing activities			
Evaluation expenses	3	**-**	-
Net cash flows used in investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issuance of common shares	6	**-**	-
Net cash flows provided from financing activities		**-**	-
Net (decrease) Increase in cash and equivalents		**1,898**	(1,041)
Cash and equivalents, beginning of the year		**21**	1,063
Cash and equivalents, end of the year		**1,919**	21

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

NEWBASKA GOLD AND COPPER MINES LTD.
MINES D'OR ET DE CUIVRE NEWBASKA LTÉE.

Statements of Changes in Shareholders' Equity

AUDITED

	Shares	Capital Stock	Contributed Surplus	Other Accumulated Comprehensive Loss	Deficit	Shareholders' Equity
		$	$	$	$	$
Balance at December 31, 2015	**10,132,281**	**1,548,614**	**101,717**	**-**	**(1,817,188)**	**(166,857)**
Private placement	-	-	-	-	-	-
Shares issued for debt	-	-	-	-	-	-
Stock-based compensation	-	-		-	-	-
Deferred premium on flow-through shares		-	3,262	-	-	3,262
Net Loss	-	-	-	-	(96,899)	(96,899)
Balance at December 31, 2016	**10,132,281**	**1,548,614**	**104,979**	**-**	**(1,914,087)**	**(260,494)**
Private placement	-	-	-	-	-	-
Shares issued for debt	-	-	-	-	-	-
Stock-based compensation	-	-	922	-	-	922
Deferred premium on flow-through shares		-	-	-	-	-
Net Loss	-	-	-	-	(105,393)	(105,393)
Balance at December 31, 2017	**10,132,281**	**1,548,614**	**105,901**	**-**	**(2,019,480)**	**(364,965)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Newbaska Gold and Copper Mines Ltd./Mines D'Or et de Cuivre Newbaska Ltée (the ''Company'' or ''Newbaska'') was incorporated under the Canada Business Corporation Act on November 28, 1951. The Company ceased operations on December 27, 1974 upon the issuance of a cease trade order by the Québec Autorité des Marchés Financiers (the ''AMF'') for failure to comply with continuous disclosure obligations and subsequently wrote off all of its assets. The Company was revived on September 24, 1998 and the cease trade order was revoked by the AMF on December 6, 2007 upon filing of the outstanding disclosure. The Company is considered a public company though its common shares are not listed on any Stock Exchange. The Company's registered office is 112 rue Self, Val-d'Or, Quebec, J9P 3M8.

The Company is engaged in the acquisition, exploration and development of mineral property interest through direct holding. The recovery of amounts capitalized as exploration assets is dependent upon the discovery of economically recoverable reserves, technical feasibility, economic viability, the ability of the Company to obtain financing to complete the necessary exploration and development, and obtaining future production or proceeds from the disposition thereof.

These audited financial statements, including comparatives, have been prepared using International Financial Reporting Standards (''IFRS'') applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2017. The Company is subject to risk and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation, measurement and statement of compliance

These audited financial statements were prepared in accordance with IFRS, as at December 31, 2017 & 2016, as issued by the International Accounting Standards Board and applicable to the preparation of financial statements. The Company operates in one segment defined as the cash generating unit ("CGU") being exploration and evaluation activity. These financial statements were authorized for issue by the Board of Directors on April 27, 2018.

The financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value.

Presentation, functional currency and foreign Currencies

The functional currency is the currency of the economic environment in which the entity operates. The functional currency is the Canadian dollar. The presentation currency is the Canadian dollar.

Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at statement of financial position date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred.

Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the Statements of Net Loss, Comprehensive Loss and Deficit, except for differences arising on the translation of available for sale equity instruments that are recorded in other accumulated comprehensive income.

Related party transactions

Related party transactions conducted in the normal course of operations are measured at the exchange value. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, for similar transactions with non-key management personnel related entities on an arm's length basis.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement.

Financial assets are initially measured at fair value and classified into one of the following specified categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS") and loans and receivables. HTM instruments and loans and receivables are measured at amortized cost. AFS instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Statements of Net Loss, Comprehensive Loss and Deficit for the period.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Statement of Net Loss, Comprehensive Loss and Deficit for the period. Other financial liabilities, including borrowings, are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through loss for the period are recognized immediately in the the Statements of Net Loss, Comprehensive Loss and Deficit for the period.

Financial assets and financial liabilities are offset and reported on the Statements of Financial Position only if there is an enforceable legal right to offset the recognized amounts, and an intention to realize the asset and settle the liability simultaneously.

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) are based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Financial instruments recognized in the statements of financial position include cash and cash equivalents, amounts receivables and other assets, and amounts payable and accrued liabilities. The respective accounting policies are described below.

Cash and cash equivalents

Cash and cash equivalents include money market instruments and short-term investments with maturity date of 90 days or less held with Canadian financial institutions with a ``AA`` credit rating. Cash and cash equivalents are classified as FVTPL and measured at fair value.

Cash and cash equivalents on the statements of financial position for the year ended December 31, 2017 and 2016 is comprised of cash deposit in a business account.

Non-derivative financial assets:

The Company's non-derivative financial assets are amounts receivable .

Amounts Receivable and other assets

Amounts receivable and other assets are financial assets with determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Amounts receivables are comprised of consumer taxes receivable and mining duties tax credits receivable and prepaid mining duties, less a provision for impairment reviewed at the end of each period.

Non-derivative financial liabilities:

The Company has the following non-derivative financial liabilities: amounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair market value net of any direct attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost, using the effective interest rate method.

Exploration assets

Acquisition costs related to exploration of properties are capitalized as exploration assets at fair value at the time of purchase. The acquisition costs are written off when an exploration and evaluation asset is disposed of through sale or abandonment.

Evaluation expenditures incurred on exploration properties are expensed until such time that a future economic benefit is more likely to be realized than not by the establishment of ore resources.

Evaluation expenditures incurred subsequent to the establishment of commercially viable and technically feasible gold resources on a property are capitalized as an exploration and evaluation asset. Exploration and evaluation assets are not depreciated until the properties are in commercial production.

Pre-exploration costs

Pre-exploration costs are incurred on activities that precede exploration for an evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area. Pre-exploration costs are expensed immediately through the Statement of Net Loss, Comprehensive Loss and Deficit.

Exploration and evaluation expenditures

The Company expenses the cost of its evaluation expenditures and capitalizes exploration expenditures which are the cost of acquiring interests in mineral rights, licenses and properties in, asset acquisitions or option agreements. Exploration assets acquired as a result of an asset acquisition or option agreement are initially recognized at cost. They are subsequently carried at cost less accumulated impairment. No depreciation is charged during the evaluation phase. The Company expenses the cost of evaluation activity related to acquired exploration assets. Cash flows associated with acquiring exploration assets are classified as investing activities in the Statements of Cash Flows; those associated with evaluation expenses are classified as operating activities.

Evaluation expenditures relate to costs incurred for evaluation of potential mineral rights and include costs related to the following: conducting geological studies; exploratory drilling and sampling and; evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration expenditures, including costs of acquiring licenses, are capitalized as exploration assets on an area of interest basis which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proved to exist and, in most cases, comprises a single mine or deposit.

Administration costs that do not relate directly to specific exploration activity for capitalized projects are expensed as incurred.

All pre-production and bulk sampling revenues are credited against the capitalized expenditures.

In a farm-out agreement, the Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmer as a gain on disposal.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, exploration assets attributable to that project are first tested for impairment and then reclassified to mine property and development projects on the Statement of Financial Position. Upon the commencement of commercial production, mine property and development projects will be charged to operations on a unit-of-production basis.

Impairment of long-lived assets

The Company reviews its long-lived assets within its cash generating units, consisting primarily of exploration assets, at each reporting period end, for any indicators of impairment whenever events or changes in circumstances indicate that such carrying value may not be recoverable. The recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

To determine whether a long-lived mining asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statements of Net Loss, Comprehensive Loss and Deficit. Where it is not possible to estimate the recoverable amount of a specific non-financial asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statement of Net Loss, Comprehensive Loss and Deficit. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Property, Plant and Equipment

Property, Plant and Equipment (''PPE'') are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consist of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method at various rates ranging from 20% - 30% per annum.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the Statement of Net Loss, Comprehensive Loss and Deficit.

Where an item of plant and equipment consist of major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Residual values and estimated useful lives are reviewed at least annually.

Share Capital

Common shares are classified as equity. Transaction cost directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Share-based compensation transactions

The share purchase option plan allows Company officers, directors, employees and service providers to acquire shares of the Company. The fair value of share purchase options granted are recognized as a stock-based compensation expense, in the Statement of Net Loss, Comprehensive Loss and Deficit, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by direct employee, e.g. directors and officers.

The fair value is measured at grant date and each tranche is recognized on an accelerated basis over the period during which the share purchase options vest. The fair value of the share purchases options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. The fair value of this share-based payment is recognized as a charge to the Statement of Net Loss, Comprehensive Loss and Deficit with a corresponding credit to shareholders' equity on the Statement of Financial Position.

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method. The fair value of each vested tranche is measured using Black-Scholes using assumptions at the time of vesting, using risk-free interest rates, dividends yields and volatility factors of the expected market price of similar size companies.

Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Share-based payments to non-employees

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument, measured at the date the Company obtains the goods or the counterparty renders the service. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Warrants

The valuation of warrants includes estimates of risk-free interest rates, volatility of the Company's share price and expected life of the warrants. By their nature, these estimates are subject to measurement uncertainty and could materially impact the financial statements. Warrants are classified as equity and measured at fair value on the date of issue using the Black-Scholes option pricing model. The Company has no warrants outstanding.

Provisions

Provisions are recognized for liabilities of uncertain timing when the Company has a present obligation (legal or constructive) as a result of a past event, when it's probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized and treated as a separate asset when it is virtually certain that reimbursement will be received if the Company settles the obligation.

Decommissioning and restoring provision

The Company records the fair value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the year in which it is incurred and when a reasonable estimate of fair value can be made.

The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the costs to expense using a systemic and rational method over its useful life, and records the accretion of the liability as a charge to the Statement of Net Loss, Comprehensive Loss and Deficit.

As the Company has not commenced construction and development of any mining operations it does not have any provisions for decommissioning or restoration costs.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Contingent liabilities are not recognized in the financial statements, if not estimable and probable and are disclosed in the notes to the financial statements unless their occurrence is remote.

Contingent assets are not recognized in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deduction associated with these qualifying expenditures to the flow-through subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a temporary non-cash liability on the Statement of Financial Position. The subsequent spending of such qualifying expenditures incurred by the Company in favour of the flow-through subscribers is reported as a reduction in the deferred premium on flow-through shares' liability on the Statement of Financial Position and a corresponding reduction of the deferred tax expense on the Statement of Net Loss, Comprehensive Loss and Deficit.

Income Taxes

Income taxes are calculated using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for timing difference between the tax and accounting basis of assets and liabilities, and for the recognition of accumulated capital and non-capital losses, which in the opinion if management, are more likely than not to be realized before expiry.

Deferred tax assets and liabilities are presented as a non-current item and measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted.

Income recognition

Income is recognized when all significant acts have been completed, when it is probable that the economic benefits will flow to the Company, when the revenue can be reliably measured, and when collection is reasonably assured. Income is measured at the fair value of the consideration received or receivable. Interest income is accrued as earned. The Company currently has no revenue from active mining operations.

Earning (Loss) per Share

Basic earning (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. In periods where the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted earnings (loss) per share are the same.

Environmental expenditures

The operations of the Company may, in the future, be occasionally affected by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries. As at December 31, 2016, the Company has no environmental expenditures or known liabilities.

Government assistance and investment tax credits

Government assistance and investment tax credits are recorded as either a reduction of the cost of the applicable asset, or credited against the related expense incurred in the statement of net loss, comprehensive loss and deficit, as determined by the terms and conditions of the agreement under which the assistance is provided to the Corporation or the nature of the expenditures which gave rise to the credits. Government assistance and investment tax credits receivables are recorded when their receipt is reasonably assured.

Leases

Leases that transfer substantially all of the benefits and risk of ownership to the Company are accounted for at the commencement of the lease term as financial leases and recorded as assets at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Other Comprehensive income

Other comprehensive income is the change in net assets that results from transactions and events, not included in loss for the period. The Company's comprehensive income, components of other comprehensive income, and cumulative translation adjustments on foreign currency gains or losses related to foreign operations, are presented in the Statement of Net Loss, Comprehensive Loss and Deficit. The Company had no comprehensive income or loss transactions, other than its net loss which is presented in the Statement of Net Loss, Comprehensive Loss and Deficit, and did not accumulate other comprehensive income during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

Significant Accounting Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affects the reported amounts of assets, 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 reporting period. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value and ownership of exploration assets, the valuation of share-based compensation transactions, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from management estimates.

Recent accounting pronouncements

The Company is currently evaluating the impact on its financial statements of recent accounting pronouncements, as follows:

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments (''IFRS 9'') was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018.

IFRS 15 - Revenues from contracts with customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), which establishes principles for reporting and disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods and services.
IFRS 15 provides a single model in order to depict the transfer of promised goods or services to customers, and supersedes IAS 11, Construction Contracts, IAS 18, Revenue, and a number of revenue-related interpretations (IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service). IFRS 15 will be effective for the Company's fiscal year beginning on January 1, 2018, with earlier application permitted. The impact of the adoption of this standard has yet to be determined.

IFRS 15 -Leases

IFRS 16, Leases ("IFRS 16"), which specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low monetary value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019, with earlier application permitted only if IFRS 15, Revenue from Contracts with Customers has also been applied. The impact of the adoption of this standard has yet to be determined.

3. EXPLORATION ASSETS

On June 13, 2007, the Company purchased the rights to a 100% interest in 5 mining claims in Joannes Township, Quebec, collectively referred to as the Davidson Creek Project, for $70,000 and 450,000 common shares of the Company at $0.10 per share. The claims are subject to a 2% Net Smelter Return Royalty (''NSR'') and the Company may repurchase 1% of the NSR at any time for $1,000,000.

Exploration and evaluation expenses during years 2017 and 2016 on the Davidson Creek Project can be summarized as follows:

Davidson Creek project	$
Balance December 31, 2016	**115,000**
Additions	-
Balance December 31, 2017	**115,000**

4. AMOUNTS RECEIVABLE AND OTHER ASSETS

	December 31, 2017	December 31, 2016
	$	$
Consumption taxes	**767**	**1,017**
Other assets - prepayments	**264**	**89**
Total	**1,031**	1,106

5. CASH AND CASH EQUIVALENTS

	December 31, 2017	December 31, 2016
	$	$
Cash	**1,919**	**21**

6. SHARE CAPITAL

Authorized Share Capital

At December 31, 2017, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Share Purchase Option Compensation Plan

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, employees, and service providers. The share purchase option plan (the ''2010 Rolling Option Plan'') is based on a maximum number of eligible shares equalling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. Pursuant to the 2010 Rolling Option Plan, if outstanding shares purchase options are exercised or expired, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase option available to grant under the plan increase 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). Share purchase options can have a maximum term of ten years and typically terminates 90 days following the termination of the optionee's employment or agreement, except in the case of retirement or death. Vesting of share purchase options is at the discretion of the Board of Directors at the time the options are granted.

The continuity of share purchase options for the years ended December 31, 2017 and 2016 as follows:

	Options	Weighted-average exercise price
	#	$
Outstanding balance December 31, 2015	932,000	0.11
Outstanding balance December 31, 2016	**932,000**	**0.11**
	-	-
Outstanding balance December 31, 2017	**142,000**	**0.15**

	Years ended December 31	
	2017	2016
Weighted average exercise price	**0.15 $**	0.11 $
Weighted average contractual remaining life (years)	**1.81**	2.90

During the year 2010, the Company issued 790,000 share purchase options to purchase common shares at an exercise price of $0.10 per common shares. Expected yield - 0%; expected volatility - 107%; risk-free interest rate - 2.67%; and expected life of 7.00 years. Value assigned was $85,468. No share purchase options were 7granted in 2017. Options value vested on the 2010 issuance during 2017 was $NIL ($1,744 - 2016). Total value of options vested as at December 31, 2017 is $Nil (2016 - $85,464).

During the year 2012, the Company issued 142,000 share purchase options to purchase common shares at an exercise price of $0.15 per common shares. Expected yield - 0%; expected volatility - 177%; risk-free interest rate - 1.58%; and expected life of 7.00 years. Value assigned was $20,860. No share purchase options were granted in 2017. Options value vested on the 2012 issuance during 2017 was $922 ($3,262 - 2016). Total value of options vested as at December 31, 2017 is $18,510 (2016-$17,991).

The following are the share purchase options that were outstanding at December 31, 2017 and at December 31, 2016:

Expiry date	Exercise price	**December 31, 2017 Number of options outstanding**	December 31, 2016 Number of options outstanding
	$		
October 19, 2017	0.10		790,000
October 22, 2019	0.15	**142,000**	142,000
		142,000	932,000

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

7. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

Falling due within the year	**December 31, 2017**	December 31, 2016
	$	$
Amounts payables and accrued liabilities	**441,264**	352,970
Director note payable	**38,150**	20,150
Total	**479,414**	373,120

8. INCOME TAXES

The provision for income taxes reported differs from the amount computed by applying the cumulative Canadian federal and provincial income tax rates to the net los due to the following:

	December 31, 2017	December 31, 2016
Statutory rate	**26.50%**	**26.50%**
	$	$
Loss before provision for income taxes	**(28,072)**	(25,678)
Less:		
Evaluation expenses	**-**	-
Stock-based compensation	**244**	864
Taxable asset not recognized	**27,828**	24,814
Total income tax (expense) recovery	-	-

The tax effect of temporary differences that give rise to significant portion of the deferred tax assets and deferred tax liabilities at December 31, 2017 and 2016 were as follows:

	December 31, 2017	December 31, 2016
Statutory rate	**26.50%**	26.50%
	$	$
Deferred income tax asset		
Non-capital losses carried forward	**406,205**	372,121
Resource property pools	**25,469**	25,469
Total deferred income tax assets	**431,674**	397,590

	December 31, 2017	December 31, 2016
Statutory rate	**26.50%**	26.50%
	$	$
Deferred income tax liability		
Renunciation of exploration expenditures	**-**	-
Total deferred income tax liability	**-**	-

Deferred income tax asset	**431,674**	397,590
Deferred income tax liability	**-**	-
	431,674	397,590
Less: valuation allowance	**(431,674)**	**(397,590)**
Net deferred tax asset and liability	**-**	**-**

The Company has approximately $1,532,848 (2015 - $1,404,229) of net operating losses available to be carried forward against future taxable income. These non-capital losses will expire as follows:

Years	$
2026	7,342
2027	82,061
2028	282,973
2029	149,986
2030	101,502
2031	126,817
2032	128,573
2033	117,306
2034	84,628
2035	98,794
2036	224,247
2037	128,620
	1,532,848

The potential tax benefit of those losses has not been recognized in these financial statements. The Company has recorded a valuation allowance in the financial statements since the Company does not consider it more likely than not that the deferred tax asset will be realised in the foreseeable future.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2017 of $0.010 as compared to a loss of $0.010 for the year ended December 31, 2016 was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding at December 31, 2017 is 10,132,281 as compared to the weighted number of common shares outstanding at December 31, 2016 was 10,132,281 respectively.

10. RELATED PARTY BALANCES AND TRANSACTIONS

$69,596 of consulting fees (2016 - $60,000) from shareholders, amounts will be settled by issuing shares. $12,000 of management fees (2016 - $12,000) from an enterprise controlled by a director, the amounts will be settled by issuing shares. $1,500 of director fees (2016 - $1,500) from administrators and officers of the Company, all amounts will be settled by issuing shares. 1,152 were included in filing fees (2016 - $1,254, from a director amount will be settled by issuing shares.

$38,150 of notes payable to directors (2016 - 20,150). The note is due on demand after an 18 month period. The principal of this note shall bear no interest if shares are issued in settlement of this amount and a 5% interest if shares are not issued as repayment of this note.

All related party transactions entered into by the Company are recorded at fair market value as determined by the Company's directors with no beneficial interest in respect of a particular transaction.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's statement of financial position from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk with overall exploration and development strategies, diversifying risk, mitigation through preventive controls, and transferring risk to

Fair value

The carrying values for primary financial instruments, including cash and equivalents, amounts receivable and other assets, and amounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions.

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

-Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
-Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
-Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalent are considered level 1.

There have been no major significant changes that have had impact on the overall risk assessment of the Company during the year. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and evaluation activities expose it to the following financial risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's exposure to credit risk is concentrated in two specific areas: the credit risk on operating balances including amounts receivable and other assets, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at December 31, 2017 was $2,686 (December 31, 2016 - $1,038) and was comprised of $1,031 ($1,106 - 2016) of consumption taxes recoverable, and $1,919 ($21 - 2016) in cash and equivalents held with Canadian financial institutions with a ``AA`` credit rating.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars.

Commodity price risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk does not have a significant impact on the Company.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The capital structure of the Company consists of equity, comprising share capital, and contributed surplus, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

12. COMMITMENTS AND CONTINGENCIES

The Company is required to pay a company controlled by a director as indicated in Note 10 an amount of $9,000 per month, temporarily reduced to $5,000 per month for services related to its exploration assets.

The Company is required to issue 400,000 common shares for the first mineral deposit found and 600,000 common shares for each subsequent mineral deposit found thereafter on the Davidson Creek Property. Either party can terminate this agreement, provided three months notice has been given. To date no shares have been issued.

Pursuant to the July 2014 equity financing which included the issuance of common shares on a flow-through basis (see Note 6), the Company renounced certain qualifying expenditures at December 31, 2014 to its flow-through subscribers, in accordance with the look-back rules under the Income Tax Act (Canada). As a result, the Company is committed to incurring $10,500 in qualifying expenditures .