Sitka Gold Corp.

(An Exploration Stage Corporation)

Consolidated Interim Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

SITKA GOLD CORP.
UNAUDITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the quarter ended March 31, 2018.

NOTICE TO READER
OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Management of Sitka Gold Corp. is responsible for the preparation of the accompanying consolidated interim financial statements as at March 31, 2018.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Dale Matheson Carr-Hilton Labonte LLP.

The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

"Corwin Coe"	" Donald Penner"
Corwin Coe CEO, Director	Donald Penner Director

Sitka Gold Corp.

(An Exploration Stage Corporation)

Consolidatd Statements of Financial Position

(Unaudited , Expressed in Canadian Dollars)

	March 31, 2018	December 31, 2017 (Audited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	806,986	19,621
Prepaid	32,898	26,275
GST receivable	7,527	2,807
	847,411	48,703
Non-current assets		
Exploration and evaluation assets (Note 4)	401,812	358,099
	1,249,223	406,802
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	19,739	118,298
Loan payable (Note 6)	-	35,383
	19,739	153,681
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	1,638,081	620,135
Deficit	(408,597)	(367,014)
	1,229,484	253,121
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,249,223	406,802

APPROVED ON BEHALF OF THE BOARD

"Corwin Coe" "Donald Penner"

Corwin Coe, Director Donald Penner, Director

The accompanying notes are an integral part of the finanical statements.

Sitka Gold Corp
(An Exploration Stage Corporation)
Consolidated Statements of Comprehensive Loss
(Unaudited , Expressed in Canadian Dollars)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	$	$
EXPENSES		
Administration expenses	17,350	9,576
Investor Relations expenses	4,126	-
Listing and filing fees	1,488	-
Professional fees	-	7,969
Wages and Salaries	3,726	-
Travel	16,378	18,566
	43,068	36,111
LOSS BEFORE OTHER ITEMS	(43,068)	(36,111)
OTHER ITEMS		
Interest and other income	1,485	-
Settlement of flow-through share premium liability	-	1,113
COMPREHENSIVE LOSS FOR THE PERIOD	(41,583)	(34,998)

Basic and diluted loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares - basic diluted	14,300,333	10,099,778

The accompanying notes are an integral part of the finanical statements.

Sitka Gold Corp.

(An Exploration Stage Corporation)

Consolidated Statements of Changes in Shareholders' Equity

(Unaudited , Expressed in Canadian Dollars)

	Common Shares Outstanding	Share Capital $	Defict $	Total Equity $
Balance, December 31, 2016	8,567,000	440,135	(184,939)	255,196
Share issuance (note 5(b))	1,550,000	155,000		155,000
Loss for the period			(34,998)	(34,998)
Balance, March 31, 2017	10,117,000	595,135	(219,937)	375,198
Share issuance for option agreement (note 5(b))	250,000	25,000		25,000
Loss for the period			(147,077)	(147,077)
Balance, December 31, 2017	10,367,000	620,135	(367,014)	253,121
Share issued (note 5(b))	6,000,000	1,200,000		1,200,000
Share issue costs		(182,054)		(182,054)
Loss for the period			(41,583)	(41,583)
Balance, March 31, 2018	16,367,000	1,638,081	(408,597)	1,229,484

The accompanying notes are an integral part of the finanical statements.

Sitka Gold Corp.

(An Exploration Stage Corporation)

Consolidated Statements of Cash Flows

(Unaudited , Expressed in Canadian Dollars)

	Three Months Ended March 31, 2018 $	Three Months Ended March 31, 2017 $
Cash flows from operating activities		
Loss for the period	(41,583)	(34,998)
Items not affecting cash:		
Settlement of flow-through premium liability	-	(1,113)
Change in non-cash working capital		
Prepaid	(6,623)	(5,000)
GST receivable	(4,720)	(375)
Accounts payable and accrued liabilities	(98,559)	570
Loan payable	(35,383)	-
Net cash flows used in operating activities	(186,868)	(40,916)
Cash flows from investing activities		
Exploration and evaluation assets	(43,713)	(21,900)
Net cash flows used in investing activities	(43,713)	(21,900)
Cash flows from financing activities		
Cash received from share issuance	1,017,946	155,000
Net cash flows provided by financing activities	1,017,946	155,000
Increase (decrease) in cash and cash equivalents	787,365	92,184
Cash and cash equivalents , beginning of period	19,621	41,281
Cash and cash equivalents , ending of period	806,986	133,465

Cash and Cash Equivalents consist of:		
Cash	25,570	133,465
Variable rate GIC	781,416	-
	806,986	133,465

In the quarter ended March 31, 2018, the Company made cash payments of $859.73 for interest (2017 - $nil) and made no cash payments for income taxes (2017 - $nil).
The company received $69 in cash payments for interest (2017 - $nil).

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

1. Nature and continuance of operations

Sitka Gold Corp. (the "Company"), was incorporated on January 13, 2015 under the laws of the province of British Columbia.The Company's principal business activity is the exploration for mineral resources, in Nunavut, Canada and Nevada, USA.

On January 31, 2018, the Company completed its initial public offering (Note 5) and began trading on the Canadian Securities Exchange on January 31, 2018 under the trading symbol "SIG".

The Company's registered office and principal place of business is Suite 1500, 409 Granville Street, Vancouver, British Columbia, Canada.

These consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there always exists uncertainty about the Company's ability to continue as a going concern. These consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of preparation

(a) Statement of compliance

These consolidated interim financial statements for the quarter ended March 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The consolidated interim financial statements were authorized for issuance on May 22, 2018 by the directors of the Company.

(b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis, modified where applicable. In additional, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, unless otherwise noted, which is also the Company's functional currency.

(c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Arctic Copper Corp and Sitka Gold (US) Corp. The controlled entity is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. All intercompany transactions and balances have been eliminated upon consolidation.

2. Basis of preparation (continued)

(d) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carry value of the exploration and evaluation assets, the measurements for financial instrument, the recoverability of deferred tax assets and the measurement of Flow-through share premium liabilities.

The preparation of financial statements in accordance with IFRS required the Company to make judgements, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and the classification of exploration and evaluation assets.

3. Significant accounting policies

(a) Exploration and evaluation assets

Exploration costs incurred prior to the Company obtaining the legal right to explore an area are expensed in the period in which they are incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Property acquisition costs are capitalized. Exploration and evaluation costs, other than property acquisition costs, are recognized as exploration and evaluation assets on the statement of financial position when management has established that a resource exists and that the costs can be economically recovered.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. Significant accounting policies (continued)

(b) Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(c) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

(d) Foreign currency translation

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the reporting date and the related translation differences are recognized in profit and loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

(e) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

(f) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

(g) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in statement of comprehensive loss.

3. Significant accounting policies (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

(h) Accounting Standards and Interpretations Issued but Not Yet Adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter 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 12 months or less or the underlying asset has a low 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. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of the standard.
The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

(Unaudited - Expressed in Canadian dollars)

4. Exploration and evaluation assets

The Company has classified its exploration properties into two separate geographical locations, namely Nunavut, Canada and Nevada, USA.

A continuity of the Company's exploration and evaluation assets is as follows:

	Coppermine River Property, Nunavut	Adobe Gold Property, Nevada	Total
Balance, December 31, 2016	$ 148,477	$ 111,006	$ 259,483
Claim fees	-	42,937	42,937
Geological and analytical costs	3,500	20,900	24,400
Travel and accommodation	-	4,930	4,930
Equipment and supplies	-	1,349	1,349
Total exploration costs	3,500	70,116	73,616
Acquisition costs	-	25,000	25,000
Total 2017 additions	-	95,116	98,616
Balance, December 31, 2017	$ 151,977	$ 206,122	$ 358,099

	Coppermine River Property, Nunavut	Adobe Gold Property, Nevada	Total
Balance, December 31, 2017	$ 151,977	$ 206,122	$ 358,099
Claim fees	-	31,826	31,826
Geological and analytical costs	-	11,487	11,487
Travel and accommodation	-	-	-
Equipment and supplies	-	400	400
Total exploration costs	-	43,713	43,713
Acquisition costs	-	-	-
Total 2018 additions	-	43,713	43,713
Balance, March 31, 2018	$ 151.977	$ 249,835	$ 401,812

(a) Coppermine River Property, Nunavut

The Company has staked 45 mineral claims form the Coppermine River Project in the northwest region of Yellowknife.

As of March 31, 2018, the Company incurred total acquisition and exploration expenditures of $151,977 relating to the Coppermine River Property.

(b) Adobe Gold Property, Nevada, USA

On December 8, 2015, the Company entered into an option agreement with Intercept Minerals Corporation ("Intercept"), whereby the Company has the option to acquire 60% of Intercept's interest ("First Option") in the Adobe Gold Property (the "Adobe Property"), subject to the following items:

(1) issue and deliver an aggregate of 500,000 common shares of the Company to Intercept as follows:

(i) 100,000 shares on signing of the agreement (issued);
(ii) 100,000 shares on or before December 1, 2016 (issued);
(iii) 100,000 shares on or before September 1, 2017 (issued);
(iv) 200,000 shares on or before September 1, 2018;

4. Exploration and evaluation assets (continued)

(2) incur US$100,000 in exploration expenditures on the Adobe Property on or before December 8, 2016;

The Company did not incur US$100,000 on the Adobe Property before December 8, 2016. On April 10, 2017, Intercept agreed to accept 150,000 shares in lieu of the expenditure requirement.

(3) incur at least an aggregate of US$600,000 in exploration expenditures on the Adobe Property on or before September 1, 2018;

(4) The Adobe Property is subject to a 1.5% Net Smelter Royalty ("NSR").

If the Company exercises the First Option, the Company shall have the right to earn an additional 10% interest ("Second Option") so that the Company holds a 70% interest by issuing an additional 500,000 common shares on or before September 1, 2019.

The Company shall have the right to earn an additional 30% interest ("Third Option") so that the Company holds a 100% interest by issuing an additional 2,000,000 common shares and granting a royalty equal to 1% of the NSR. The Company may at any time purchase the 1% NSR from Intercept for US$2,000,000.

The Company assumed all the obligations and commitments that Intercept had, pursuant to an underlying agreement, starting March 12, 2018 as follows:

- US$20,000 on or before March 12, 2018;
- US$40,000 on or before September 12, 2018;
- US$60,000 on or before September 12, 2019; and
- US$110,000 on or before September 12, 2020.

These payments will be deducted from the NSR payable by the Company once commercial production begins. Such payments can be made as shares, cash or a combination thereof.

The Company can opt to not make the payments at any time and forego the option on the Adobe Gold Property.

(c) Alpha Gold Property, Nevada

In January 2018, the Company entered into an agreement with Objective Exploration LLC ("Objective") to acquire 100% of Objective's interest in the Alpha Gold Property located in Eureka County, Nevada, subject to the following terms:

(i) grant a 1.5% NSR with the right to purchase all of the NSR for US$3,000,000;
(ii) pay US$10,000 annually as an advance royalty until 2039 or until purchase of NSR;
(iii) pay US$10,000 annually in cash or shares after 10,000 feet of drilling has been conducted on the property until 2039 or until purchase of the NSR;
(iv) pay an additional US$20,000 annually in cash or shares after 50,000 feet of drilling has been conducted on the property until 2039 or until purchase of the NSR; and
(v) pay all fees to file and maintain the property

5. Share capital

(a) Authorized

Unlimited common shares with no par value

(Unaudited - Expressed in Canadian dollars)

5. Share capital (continued)

(b) Issued and outstanding

	Number of Common shares		Share Capital
Balance, December 31, 2016	8,567,000	$	440,135
Financing, net of issue costs (i)	1,550,000		155,000
Issued pursuant to option agreement (ii)	250,000		25,000
Balance, December 31, 2017	10,367,000	$	620,135
Financing, net of issue costs *(iii)*	6,000,000		1,017,946
Balance, March 31, 2018	16,367,000	$	1,638,081

(i) In February 2017, the Company closed a private placement and issued 1,550,000 units at $0.10 per unit for proceeds of $155,000. Each unit consists of one common share and one warrant which entitles the holder purchase one additional common share of the Company at a price of $0.15 per share for 2 years.

(ii) During the year ended December 31, 2017, pursuant to the Adobe Property agreement between the Company and Intercept Minerals Corporation (note 4(b)), total of 250,000 shares were issued for a deemed value of $25,000.

(iii) In January 2018, the Company completed its initial public offering of 6,000,000 units of the Company (the "IPO Units") at a price of $0.20 per IPO Unit for gross proceeds of $1,200,000. Each IPO Unit is comprised of one common share of the Company and one-half of one transferable share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per share until January 30, 2020. The lead agent for the Offering was PI Financial Corp. (the "Agent").

The Agent received a cash commission equal to 8% of the gross proceeds of the Offering as well as non-transferable warrants entitling the Agent and members of its selling group to purchase up to an aggregate of 480,000 common shares of the Company at a price of $0.30 per common share until January 30, 2020. The Agent also received a corporate finance fee.

(c) Share purchase warrants

At March 31, 2018, the Company had warrants outstanding and exercisable as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, December 31, 2016	6,367,000	0.17
Granted	1,550,000	0.15
Balance, December 31, 2017	7,917,000	0.17
Granted	3,480,000	0.30
Balance, March 31, 2018	11,397,000	0.21

The weighted average life of the warrants outstanding at March 31, 2018 is 1.8.

6. Loan payable

During the quarter ended March 31, 2018, the Company borrowed additional loan of $20,000 from its shareholders with interest rate of 12% per annum. Subsequently the total loan of $55,000 plus interest of $859.73 were repaid to the shareholders. As of March 31, 2018, the Company has no loan outstanding.

7. Related parties

The Company had the following transaction involving key management during the quarter ended March 31, 2018:

(1) During the quarter ended March 31, 2018, an officer loaned additional $10,000 to the Company with interest rate of 12% per annum. Subsequently the total loan of $25,000 plus interest of $406.03 were repaid to the officer. As of March 31, 2018, the Company has no loan owing to the officer.

8. Financial instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company's primary exposure to credit risk is on its cash. Cash are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity Risk – Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Interest rate risk – Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earns interest income at variable rates. The fair value of cash are minimally affected by changes in short term interest rates.

Foreign currency risk - Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Fair Value - The Company has various financial instruments comprised of cash, receivables, investments and accounts payable and accrued liabilities.

The carrying amounts of the Company's financial instruments approximate their fair due to their short period of time until maturity.

(Unaudited - Expressed in Canadian dollars)

9. Income taxes

A reconciliation of the statuary tax rate to the average effective rate is as follows:

		2017		2016
Loss before income taxes for the year	$	(182,108)	$	(114,680)
Statutory tax rate		26%		26%
Income tax recovery		(47,340)		(29,817)
Non-deductible expenditures		1,837		4,138
Impact of flow-through shares		9,312		8,348
Adjustment to prior years provision		22,452		-
Other		5,948		(4,185)
Unrecognized tax benefit		7,791		21,516
Deferred income tax recovery	$	-	$	-

The component of the Company's future income tax asset are a result of the origination and reversal of temporary differences and are comprised of the following:

		2017		2016
Exploration and evaluation assets	$	(76,635)	$	(17,443)
Share issue costs		764		764
Investment tax credits		5,707		6,934
Non-capital losses carried forward		99,976		31,767
Deferred tax assets		29,812		22,022
Unrecognized deferred tax assets		(29,812)		(22,022)
Net deferred tax assets	$	-	$	-

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As at December 31, 2017, the Company has approximately $385,000 (2016 - $122,000) of non-capital losses in Canada that may be used to offset future taxable income, expiring between 2035 and 2036.

Tax attributes are subject to review, and potential adjustment, by tax authorities.