EUREKA RESOURCES INC.

Consolidated Financial Statements

October 31, 2017 and 2016

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Eureka Resources Inc.

We have audited the accompanying consolidated financial statements of Eureka Resources Inc., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of Eureka Resources Inc. as at October 31, 2017 and 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 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Eureka Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

February 16, 2018

EUREKA RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
ASSETS		
Current assets		
Cash	$ 2,686	$ 392,664
Restricted cash – Note 9	72,011	-
Marketable securities – Note 5	-	28,750
GST receivable	20,333	10,617
BC Mining Exploration tax credit receivable – Note 6	11,112	22,755
Yukon Mining Exploration grant receivable – Note 6	80,000	-
Prepaid expenses	15,028	26,408
Total current assets	201,170	481,194
Non-current assets		
Reclamation bonds – Note 7	21,718	17,212
Exploration and evaluation assets – Notes 6 and 10	1,168,164	283,921
Total non-current assets	1,189,882	301,133
Total assets	$ 1,391,052	$ 782,327
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 67,406	$ 30,742
Due to related parties – Note 10	290,397	395
Total current liabilities	357,803	31,137
SHAREHOLDERS' EQUITY		
Share capital – Note 9	7,269,573	6,439,649
Reserves – Note 9	938,536	741,431
Deficit	(7,174,860)	(6,429,890)
Total shareholders' equity	1,033,249	751,190
Total liabilities and shareholders' equity	$ 1,391,052	$ 782,327

Corporate Information – Note 1
Basis of Preparation – Note 2
Commitments – Notes 6 and 9
Subsequent Events – Note 14

Approved by the Directors:

"Brent Petterson" Director *"Michael Sweatman"* Director

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

EUREKA RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
EXPENSES		
Accounting and audit – Note 10	$ 62,830	$ 51,900
Consulting fees – Note 10	134,170	41,850
Filing and listing fees	18,042	18,845
Foreign exchange loss (gain)	643	(577)
Insurance	13,734	1,250
Legal	29,098	33,664
Management fees – Note 10	72,000	50,000
Marketing	220,091	121,667
Office	13,349	12,257
Rent – Note 10	8,892	4,350
Shareholder communications	16,003	24,278
Share-based compensation – Notes 9 and 10	130,000	81,000
Storage	1,668	1,435
Transfer agent	9,887	11,894
Travel and entertainment	5,288	7,401
Website	2,225	6,216
	(737,920)	(467,430)
OTHER ITEMS		
Unrealized gain (loss) on marketable securities – Note 5	(3,750)	3,750
Gain on sale of marketable securities – Note 5	990	-
Write-off of exploration and evaluation assets – Note 6	(36,901)	-
Other income - flow-through premium – Note 9	32,611	-
Loss and comprehensive loss for the year	$ (744,970)	$ (463,680)
Basic and diluted loss per share	$ (0.018)	$ (0.018)
Weighted average number of shares outstanding – basic and diluted	40,959,076	26,174,124

EUREKA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
Cash Provided By (Used In):		
Operating Activities		
Loss for the year	$ (744,970)	$ (463,680)
Adjustments for items not involving cash:		
Share-based compensation	130,000	81,000
Unrealized (gain) loss on marketable securities	3,750	(3,750)
Write-off of exploration and evaluation assets	36,901	-
Gain on sale of marketable securities	(990)	-
Unrealized foreign exchange loss	494	-
Other income – flow-through premium	(32,611)	-
Net changes in non-cash working capital components:		
GST receivable	(9,716)	(5,414)
BC Mining Exploration tax credit receivable	11,643	-
Yukon Mining Exploration grant receivable	(80,000)	-
Prepaid expenses	11,380	(26,408)
Accounts payable and accrued liabilities	33,652	(2,002)
Due to related parties	107,403	24,145
	(533,064)	(396,109)
Investing Activities		
Reclamation bonds	(5,000)	(12,212)
Exploration and evaluation assets	(386,658)	(255,697)
	(391,658)	(267,909)
Financing Activities		
Proceeds from sale of marketable securities	25,990	-
Proceeds from the issuance of shares and warrants	613,432	1,024,655
Share issuance costs	(32,667)	(30,652)
	606,755	994,003
Change in cash during year	(317,967)	329,985
Cash and restricted cash, beginning of year	392,664	62,679
Cash and restricted cash, end of year	$ 74,697	$ 392,664
Supplementary cash flow information:		
Interest paid in cash	$ -	$ -
Income taxes paid in cash	$ -	$ -

Non-cash Transactions – Note 12

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

EUREKA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Reserves	Deficit	Total
Balance as at October 31, 2015	**21,022,239**	**$ 5,450,446**	**$ 559,156**	**$ (5,966,210)**	**$ 43,392**
Private placements – Note 9	9,277,000	851,525	-	-	851,525
Less: share issue costs – Note 9	-	(67,017)	36,365	-	(30,652)
Exercise of finder's warrants – Note 9	8,400	630	-	-	630
Reclassification on exercise of finder's warrants	-	840	(840)	-	-
Exercise of warrants – Note 9	3,400,000	172,500	-	-	172,500
Shares issued for debt – Note 9	906,333	67,975	-	-	67,975
Property acquisition costs – Notes 6 and 9	300,000	28,500	-	-	28,500
Fair value of incentive warrants issued – Note 9	-	(65,750)	65,750	-	-
Share-based compensation – Note 9	-	-	81,000	-	81,000
Loss for the year	-	-	-	(463,680)	(463,680)
Balance as at October 31, 2016	**34,913,972**	**$ 6,439,649**	**$ 741,431**	**$ (6,429,890)**	**$ 751,190**
Exercise of finder's warrants – Note 9	38,500	2,887	-	-	2,887
Reclassification on exercise of finder's warrants	-	3,851	(3,851)	-	-
Private placements – Note 9	7,234,930	527,655	63,404	-	591,059
Less: share issue costs – Note 9	-	(53,344)	7,552	-	(45,792)
Property acquisition costs – Notes 6 and 9	3,525,000	348,875	-	-	348,875
Share-based compensation – Note 9	-	-	130,000	-	130,000
Loss for the year	-	-	-	(744,970)	(744,970)
Balance as at October 31, 2017	**45,712,402**	**$ 7,269,573**	**$ 938,536**	**$ (7,174,860)**	**$ 1,033,249**

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

EUREKA RESOURCES INC.
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
For the Years Ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	FG	Gold Creek	CKN	Luxor/Etta	Tak	Gemini	Total
Balance, October 31, 2015	**$ 96,124**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 96,124**
Acquisition costs – shares – Notes 6 and 10	-	-	-	-	-	28,500	28,500
Assays	3,333	-	-	-	-	693	4,026
Claim maintenance	-	-	-	-	-	72,931	72,931
Geological – Note 10	48,743	-	-	-	-	10,560	59,303
Staking	11,837	-	-	-	-	7,800	19,637
Surveying – geophysical	20,071	-	-	-	-	39,968	60,039
Travel and field supplies	3,702	-	-	-	-	587	4,289
Less: fair value of Canarc shares received	(25,000)	-	-	-	-	-	(25,000)
Less: BC Mining Exploration Tax Credits	(35,928)	-	-	-	-	-	(35,928)
Balance, October 31, 2016	**$ 122,882**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 161,039**	**$ 283,921**
Acquisition costs – cash	-	-	15,000	-	-	-	15,000
Acquisition costs – shares – Notes 6 and 10	-	7,500	4,750	275,625	50,000	11,000	348,875
Assays	-	36,524	-	16,643	16,643	-	69,810
Claim maintenance	-	-	-	-	-	14,343	14,343
Drilling	-	62,244	-	-	-	-	62,244
Geological – Note 10	4,738	56,768	15,969	44,542	49,690	7,793	179,500
Staking	-	-	859	1,550	-	-	2,409
Surveying – geophysical – Note 10	-	-	-	174,011	58,004	-	232,015
Travel and field operations	30,236	26,671	323	29,329	36,501	-	123,060
Less: settlement on cancellation of option	(35,000)	-	-	-	-	-	(35,000)
Less: BC Mining Exploration Tax Credit	-	(11,112)	-	-	-	-	(11,112)
Less: Yukon Mining Exploration Grant	-	-	-	(40,000)	(40,000)	-	(80,000)
Write-off of exploration and evaluation assets	-	-	(36,901)	-	-	-	(36,901)
Balance, October 31, 2017	**$ 122,856**	**$ 178,595**	**$ -**	**$ 501,700**	**$ 170,838**	**$ 194,175**	**$ 1,168,164**

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

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Eureka Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on June 16, 1981. Eureka Minerals (USA) Inc. was incorporated under the laws of the State of Nevada, USA on June 23, 2016.

The Company's business is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada, in the Yukon Territory, Canada and in the State of Nevada, USA. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "EUK". The Company's head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6.

2. BASIS OF PREPARATION

Statement of Compliance

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

These consolidated financial statements were authorized for issue on February 16, 2018 by the directors of the Company.

Going Concern

These consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company's ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at October 31, 2017, has an accumulated deficit of $7,174,860. At October 31, 2017, the Company had a working capital deficiency of $156,633. The Company will require additional equity financings in order to continue exploration of its exploration and evaluation assets and fund its administrative operations, but believes that it can maintain operations for the next twelve months.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

Principles of Consolidation

These consolidated financial statements incorporate the accounts of the Company and the following subsidiary:

Name of subsidiary	Country of Incorporation	Percentage ownership	Principal Activity
Eureka Minerals (USA) Inc.	USA	100%	Exploration of Mineral Properties

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany balances and transactions have been eliminated on consolidation.

2. BASIS OF PREPARATION (cont'd…)

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

Critical Accounting Judgments, Estimates and Assumptions

Critical Judgments

The preparation of these consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

Estimations and assumptions

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Exploration and Evaluation Assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii) Share-based Payments

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties or incurred prior to acquisition are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, and indications exist that development in a specific area is likely to proceed, but the carrying amount is unlikely to be recovered in full by development or sale.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Decommissioning and Restoration Provisions

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at October 31, 2017 and 2016.

Government assistance

When the Company is entitled to receive mineral exploration tax credits or other government grants, these amounts are recognized as a recovery of exploration and evaluation assets when there is reasonable assurance of their receipt.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar and the functional currency of Eureka Minerals (USA) Inc. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

i) Transactions and Balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are determined in foreign amounts are translated at the rate of exchange at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based Payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense 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 a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes into consideration the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income Taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

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

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

Flow-through shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made.

Loss Per Share

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash, restricted cash and marketable securities are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's GST receivable, BC Mining Exploration tax credit receivable and Yukon Mining Exploration grant receivable are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at October 31, 2017 and 2016, the Company has not classified any financial assets as available for sale. The Company classifies its reclamation bonds as held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share Capital

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

The Company has adopted a residual value method with respect to the measurement of warrants attached to 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 the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

New Standards Adopted for the Year Ended October 31, 2016

Effective November 1, 2015, the following standards were adopted but did not have a material impact on the financial statements.

- IFRS 7 Amended to require additional disclosures on transition from IAS 39 and IFRS 9

There were no changes to the Company's accounting policies during the year ended October 31, 2017 that had a material impact on its consolidated financial statements.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

a) IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.

b) IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

c) IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's reclamation bonds also approximates its carrying value. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2017 and 2016:

	Level 1	Level 2	Level 3
October 31, 2017:			
Cash	$ 2,686	$ -	$ -
Restricted cash	$ 72,011	$ -	$ -
October 31, 2016:			
Cash	$ 392,664	$ -	$ -
Marketable securities	$ 28,750	$ -	$ -

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's cash is held with large financial institutions. The Company's receivables consist of sales taxes and exploration grants and tax credits receivable from the Government of Canada and the Governments of British Columbia and the Yukon Territory. Management believes that credit risk concentration with respect to cash and receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had cash and restricted cash of $74,697 to settle current liabilities of $357,803. Management intends to raise additional funds through equity financings or alternative forms of financing to meet its current liabilities when they become due. See going concern discussion in Note 2.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash denominated in US dollars. As at October 31, 2017 and 2016 a 10% fluctuation in the US Dollar against the Canadian Dollar would not have a significant impact on profit and loss.

5. MARKETABLE SECURITIES

	2017	2016
Fair value, beginning	$ 28,750	$ -
Acquisitions (non-cash) (Note 6)	-	25,000
Proceeds on sale	(25,990)	-
Unrealized gain (loss)	(3,750)	3,750
Realized gain on sale	990	-
Fair value, ending	$ -	$ 28,750

The fair value of the Company's marketable securities is measured at each reporting date by reference to the closing price of the shares.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

FG Gold Project:

The Company holds a 100% interest in 33 contiguous claims comprising the FG Gold Project area. The claims are located in the Cariboo Mining Division, British Columbia.

i. Under the terms of a Settlement Agreement in which a dispute between the Company and a former optionee of the property was settled, the Company must issue 200,000 common shares to the former optionee owners upon completion of a positive feasibility study;

ii. In addition, the Company must issue 210,000 common shares to a former director in consideration for exploration work done on the property, as follows:

Upon completion of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

iii. The property is subject to a 3% net smelter return royalty ("NSR") which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of $2,600,000 with an allowance for the change in the Consumer Price Index from September 22, 1989 to the date the royalty becomes payable.

Canarc Resource Corp ("Canarc") Option Agreement

On August 24, 2016, the Company entered into an option agreement with Canarc which provided Canarc the option to earn up to a 75% interest in the FG Property.

During the year ended October 31, 2016, Canarc issued the Company 250,000 common shares with a fair value of $25,000 (Note 5) and purchased 750,000 units of the Company at $0.14 per unit for $105,000.

In July, 2017, Canarc informed the Company that it would not be proceeding with the option agreement on the FG property, and the agreement terminated on August 4, 2017. Canarc paid the Company $35,000 in lieu of exploration work that it was required to perform on certain of the FG claims.

BC Mining Exploration Tax Credit

During the year ended October 31, 2017, the Company recorded a BC Mining Exploration tax credit receivable of $Nil (2016 - $35,928) as a reduction to the capitalized balance of the FG property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Gemini Lithium Project:

On January 20, 2016, the Company entered into an interim agreement with Nevada Sunrise Gold Corporation ("Nevada Sunrise"), a public company with directors and officers in common with the Company, to acquire a 50% participating interest in the Gemini Lithium Project ("Gemini") located in the Lida Valley, Esmeralda County, Nevada, USA.

Pursuant to the terms of the interim agreement, the Company had the right to acquire a 50% participating interest in Gemini by reimbursing Nevada Sunrise for 50% of the Gemini acquisition and evaluation costs. In addition, the Company would issue Nevada Sunrise 500,000 common shares as a prospect fee, with 300,000 shares to be issued on receipt of regulatory acceptance of the agreement and 200,000 to be issued on the first anniversary of such acceptance. The Company and Nevada Sunrise would enter into a joint venture on Gemini with Nevada Sunrise acting as operator of exploration. The interim agreement was subject to the satisfaction of certain conditions and approvals all of which were met. The agreement was a non-arm's length transaction under TSXV policies. The non-independent directors abstained from voting on the agreement.

On May 4, 2016, the companies signed an addendum to the interim agreement in which they agreed that the companies had completed their due diligence review on Gemini, that a definitive joint venture agreement would be entered into (signed on September 21, 2016) and that in the event that one of the companies divests of its 50% interest in Gemini, the remaining company would become the operator at Gemini by default. The Company paid Nevada Sunrise 50% of the acquisition and evaluation costs.

On June 6, 2016, the companies received TSXV acceptance of the interim agreement and the addendum and the Company issued 300,000 common shares with a fair value of $28,500 to Nevada Sunrise.

On May 2, 2017, Nevada Sunrise divested its 50% interest in Gemini, and consequently the Company became the operator of the Gemini project. In late 2017, Nevada Sunrise re-acquired its 50% interest in Gemini as a result of the termination of an option agreement.

On June 6, 2017, the Company issued 200,000 common shares with a fair value of $11,000 to Nevada Sunrise.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Gold Creek Project:

On November 14, 2016, the Company entered into an option agreement under which the Company was granted the option to earn up to a 100% interest in the Gold Creek Project, located in the Cariboo Mining Division, British Columbia.

Under the terms of the agreement, the Company could earn up to a 100% interest in Gold Creek in three stages:

- 49% by incurring a minimum of $30,000 in exploration expenditures by November 14, 2016 (incurred);
- an additional 26%, by issuing 50,000 common shares (issued with a fair value of $2,500) and incurring an additional $50,000 in exploration expenditures by August 31, 2017 (incurred);
- an additional 25% by issuing an additional 100,000 common shares (issued with a fair value of $5,000) and incurring an additional $50,000 in exploration expenditures by August 31, 2018 (incurred).

At October 31, 2017, the Company has exercised its option on the Gold Creek property and owns a 100% interest in the property. The vendor retained a 1% net smelter royalty of which the Company may purchase 0.5% for $1,000,000.

BC Mining Exploration Tax Credit

During the year ended October 31, 2017, the Company recorded a BC Mining Exploration tax credit receivable of $11,112 (2016 - $Nil) as a reduction to the capitalized balance of the Gold Creek property.

Luxor Gold Project:

On December 12, 2016, the Company entered into a purchase agreement in which the Company purchased a 100% interest in three non-contiguous claim blocks covering 360 claims and known as the Luxor Project located in the Dawson Range Gold Belt, Yukon Territory.

On January 3, 2017, the Company issued 2,500,000 common shares with a fair value of $262,500 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- June 28, 2017 833,334 shares (released);
- December 28, 2017: 833,334 shares (released);
- June 28, 2018: 833,332 shares.

In addition, the Company issued 125,000 common shares with a fair value of $13,125 as a finder's fee.

The Company has committed to use the vendors to perform exploration work on the properties totaling $750,000 over four years as follows:

- $187,500 on or before December 28, 2017 (incurred);
- $187,500 on or before December 28, 2018;
- $187,500 on or before December 28, 2019;
- $187,500 on or before December 28, 2020;

The vendors retained a 2% net smelter return royalty. The Company may purchase the royalty for $1,000,000.

Yukon Mineral Exploration Program ("YMEP")

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of $40,000 (2016 - $Nil), received under YMEP, as a reduction to the capitalized balance of the Luxor property.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Tak Gold Project:

On January 9, 2017, the Company entered into a purchase agreement in which the Company purchased a 100% interest in 82 claims known as the Tak Project located in the Dawson Range Gold Belt, Yukon Territory.

On February 6, 2017, the Company issued 500,000 common shares with a fair value of $50,000 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- On closing 125,000 shares (released)
- Six months from closing 125,000 shares (released)
- Twelve months from closing 125,000 shares (released)
- Eighteen months from closing 125,000 shares

The vendors retained a 2% net smelter return royalty. The Company may purchase 1% for $1,000,000.

<u>*Yukon Mineral Exploration Program ("YMEP")*</u>

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of $40,000 (2016 - $Nil), received under YMEP, as a reduction to the capitalized balance of the Tak property.

CKN Project:

On April 5, 2017, the Company entered into an option agreement to earn a 100% interest in 2 claims covering 1,356 hectares known as the CKN Project, located in the Cariboo Mining Division, British Columbia. To earn the 100% interest, the Company must make the following cash and share payments to the vendor, and incur the following minimum exploration expenditures:

Due Date	Cash	Common Shares	Exploration Expenditures
Closing Date	$15,000 (paid)	50,000 (issued)	$Nil
On or before July 1, 2018	$20,000	100,000	$40,000
On or before July 1, 2019	$30,000	100,000	$80,000
On or before July 1, 2020	$50,000	200,000	$100,000
On or before July 1, 2021	$100,000	250,000	$Nil

On April 21, 2017, the Company received TSXV acceptance of the option agreement issued 50,000 common shares with a fair value of $4,750. In May 2017, the Company staked two additional contiguous claims at a cost of $859 which covered an additional 491 hectares and brought the total claim block to 1,847 hectares.

Subsequent to October 31, 2017, the Company informed the vendor that it would not be proceeding with the option agreement on the CKN Project, and the agreement terminated on December 23, 2017. The Company recorded a write-off of exploration and evaluation assets of $36,901 at October 31, 2017.

7. RECLAMATION BONDS

The Company has placed a reclamation bond of $10,000 (2016 - $5,000) which is pledged to the Province of British Columbia as security for reclamation obligations under the mining regulations in the Province of British Columbia. The Company has placed a reclamation bond of US$9,108 (2016 - US$9,108) with the Bureau of Land Management in the State of Nevada as security for reclamation obligations under mining regulations in the State of Nevada.

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure for the benefit of all its stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, enter into joint venture arrangements, acquire or dispose of assets or alter the amount of cash on hand. The Company does not have any major capital expenditures committed during the next fiscal year. Management reviews its capital structure on a regular basis to ensure that the above-noted objectives are met. The Company anticipates future access to equity markets to fund continued exploration and evaluation of its mineral properties and the fund future growth of the business.

There were no changes in the Company's approach to capital management during the year ended October 31, 2017. The Company is not subject to externally imposed capital requirements.

9. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

On October 31, 2017, there were 45,712,402 (2016 – 34,913,972) common shares issued and outstanding.

Year Ended October 31, 2017:

Private Placement

On December 29, 2016, the Company issued 707,000 common shares pursuant to the private placement of 707,000 flow-through units at $0.10 per unit for proceeds of $70,700. As the unit price received for the flow-through units was equivalent to the market price of the Company's common shares on the date of issuance, no premium was recorded on the flow-through units. Each unit contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at $0.15 per share until December 29, 2018. In connection with the private placement, the Company paid finder's fees of $1,992 and issued 19,920 finder's warrants. Each finder's warrant entitled the holder to purchase one non-flow-through unit with the same terms as the private placement units at $0.10 per unit until December 29, 2018.

The fair value of the finders' warrants issued was calculated as $1,394 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	145%
Dividend rate	0%

All share purchase warrants issued, including those issued as finders' fees, are subject to an acceleration clause, which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume-weighted average trading price of the Company's common shares on the TSXV exceeds $0.25 per share over a period of ten consecutive trading days.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2017: *(cont'd)*

Private Placement

On May 31, 2017, the Company issued 6,340,430 units (3,261,055 flow-through units at $0.09 per unit and 3,079,375 non-flow-through units at $0.08 per unit) for total proceeds of $539,845. The Company allocated proceeds of $32,611 to other income for the flow-through premium on the flow-through portion of the private placement. In addition, the Company allocated proceeds of $63,404 to contributed surplus for the fair value of the warrants issued on the private placement using the residual method.

A portion of the proceeds from the flow-through units were held in trust and released as eligible expenditures were incurred. At October 31, 2017, there were funds held in trust of $72,011 (2016 - $Nil). These funds were classified as restricted cash on the consolidated statement of financial position. They were released subsequent to October 31, 2017.

Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at $0.15 per share until May 31, 2019. The proceeds from the issuance of the flow-through units were used for exploration of the Company's mineral properties in British Columbia and the Yukon Territory.

Each non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at $0.15 per share until May 31, 2019.

The Company paid finder's fees of $30,675, 187,500 common shares with a fair value of $13,125, 187,500 share purchase warrants and 13,332 finder's warrants.

Each share purchase warrant entitled the holder to purchase an additional common share at $0.15 per share until May 31, 2019. Each finder's warrant entitled the holder to purchase a non-flow-through unit at $0.09 per unit until May 31, 2019.

The fair value of the share purchase warrants issued was calculated as $5,625 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%
Dividend rate	0%

The fair value of the finders' warrants issued was calculated as $533 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%
Dividend rate	0%

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2017: *(cont'd)*

Luxor Acquisition

On January 3, 2017, the Company issued 2,625,000 common shares with a fair value of $275,625 to acquire a 100% interest in the Luxor Project.

Finder's Warrants Exercised

On January 20, 2017, the Company issued 38,500 common shares and 38,500 warrants exercisable at $0.125 per share until April 29, 2018 pursuant to the exercise of 38,500 finder's warrants at $0.075 for proceeds of $2,887.

Tak Acquisition

On February 6, 2017, the Company issued 500,000 common shares with a fair value of $50,000 to acquire a 100% interest in the Tak Project.

CKN Option Payment

On April 21, 2017, the Company issued 50,000 common shares with a fair value of $4,750 as an option payment on the CKN Project.

Gemini Prospect Fee

On June 6, 2017, the Company issued 200,000 common shares with a fair value of $11,000 as a prospecting fee on the Gemini Project.

Gold Creek Option Payment

On July 5, 2017, the Company issued 150,000 common shares with a fair value of $7,500 as an option payment on the Gold Creek Project.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2016:

Incentive Warrant Program

On December 31, 2015, the Company offered the holders of 4,000,000 share purchase warrants issued on June 10, 2015 (the "June Warrants") an incentive warrant to exercise their warrants early. Each June Warrant was exercisable to purchase one common share at $0.05 per share until June 10, 2016 or at $0.10 per share until June 10 2017. The Company would issue the holder of a June Warrant who exercises their June Warrant between January 4, 2016 and January 29, 2016 an incentive warrant for each June Warrant exercised. Each Incentive Warrant would entitle the holder to acquire an additional common share at $0.075 per share until June 10, 2016, and thereafter at $0.125 per share until June 10, 2020.

On January 29, 2016, the Company announced that incentive warrant program resulted in the exercise of 1,315,000 June Warrants for proceeds of $65,750. The Company issued the holders who exercised their June Warrants an incentive warrant and a common share for each June Warrant exercised. The fair value of the incentive warrants of $65,750 or $0.05 per warrant was allocated to directly to equity. The fair value was determined using the Black Scholes option valuation model with the following assumptions:

Risk-free interest rate	2.00%
Expected life of warrants	4.38 years
Annualized volatility	180%
Dividend rate	0%

Shares for Debt

On March 21, 2016, the Company issued 906,333 common shares at $0.075 per share to settle outstanding debts of $67,975. The shares were issued to seven creditors. Included in the totals were 566,333 common shares issued to related parties to settle debts totalling $42,475 (Note 10).

Private Placements

On April 29, 2016, the Company issued 2,693,666 common shares pursuant to the private placement of 2,693,666 units at $0.075 per unit for gross proceeds of $202,025. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at $0.125 until April 29, 2018.

In connection with the private placement, the Company paid finder's fees of $12,285, issued 163,800 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.075 until April 29, 2018.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2016: *(cont'd)*

The fair value of the finders' warrants issued was calculated as $16,380 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	157%
Dividend rate	0%

On May 6, 2016, the Company issued 2,033,334 common shares pursuant to the private placement of 2,033,334 units at $0.075 per unit for gross proceeds of $152,500. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at $0.125 until May 6, 2018.

In connection with the private placement, the Company paid finder's fees of $6,475, issued 86,333 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.075 until May 6, 2018.

The fair value of the finders' warrants issued was calculated as $8,633 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	150%
Dividend rate	0%

On September 9, 2016, the Company issued 1,050,000 common shares pursuant to the private placement of 1,050,000 units at $0.14 per unit for gross proceeds of $147,000. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at $0.20 until September 9, 2018.

In connection with the private placement, the Company paid finder's fees of $1,260, issued 9,000 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.14 until September 9, 2018.

The fair value of the finders' warrants issued was calculated as $720 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	142%
Dividend rate	0%

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2016: *(cont'd)*

On October 20, 2016, the Company issued 1,325,000 common shares pursuant to the private placement of 1,325,000 units at $0.10 per unit for gross proceeds of $132,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at $0.15 until October 20, 2018.

In connection with the private placement, the Company paid finder's fees of $4,200, issued 42,000 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.10 until October 20, 2018.

The fair value of the finders' warrants issued was calculated as $4,200 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	147%
Dividend rate	0%

On October 26, 2016, the Company issued 2,175,000 common shares pursuant to the private placement of 2,175,000 units at $0.10 per unit for gross proceeds of $217,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at $0.15 until October 26, 2018.

In connection with the private placement, the Company paid finder's fees of $6,432, issued 64,320 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.10 until October 26, 2018.

The fair value of the finders' warrants issued was calculated as $6,432 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	147%
Dividend rate	0%

All the share purchase warrants issued in conjunction with the above private placements, including those issued as finders' fees, are subject to acceleration clauses, which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume-weighted average trading price of the Company's common shares on the TSXV exceeds $0.25 per share for certain warrants and $0.35 per share for others over a period of ten consecutive trading days.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

b) Issued: (cont'd)

Year Ended October 31, 2016: *(cont'd)*

Gemini – Prospect Fee

On June 6, 2016, the Company issued 300,000 common shares at a value of $28,500 to Nevada Sunrise as a prospect fee on the Gemini Lithium Project (Note 6).

Warrants Exercised

During the year ended October 31, 2016, the Company issued 3,300,000 common shares at $0.05 per share for proceeds of $165,000 pursuant to the exercise of 3,300,000 share purchase warrants.

During the year ended October 31, 2016, the Company issued 100,000 common shares at $0.075 per share for proceeds of $7,500 pursuant to the exercise of 100,000 share purchase warrants.

Finder's Warrants Exercised

During the year ended October 31, 2016, the Company issued 8,400 common shares and 8,400 warrants exercisable at $0.125 per share until April 29, 2018 pursuant to the exercise of 8,400 finder's warrants at $0.075 for proceeds of $630.

c) Stock Options:

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options that may be granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of grant. The exercise price of options granted under the Plan may not be less than the market value of the Company's common shares on the date of grant. Options granted under the Plan have a maximum life of five years and vest on the date of grant, over a period determined by management, or over a period mandated by TSX-V policy.

A summary of stock option activity for the years ended October 31, 2017 and 2016 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding options, October 31, 2015	1,400,000	$0.10
Issued	900,000	$0.10
Outstanding options, October 31, 2016	2,300,000	$0.10
Issued	1,150,000	$0.12
Cancelled	(350,000)	$0.11
Outstanding options, October 31, 2017	3,100,000	$0.11

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

Stock Options: (cont'd)

On June 27, 2016, the Company granted 900,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at $0.10 until June 27, 2021. The fair value of the stock options of $81,000 or $0.09 per option was determined using the Black Scholes option valuation model.

On January 16, 2017, the Company granted 950,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at $0.13 until January 16, 2022. The fair value of the stock options of $114,000 or $0.12 per option was determined using the Black Scholes option valuation model.

On April 28, 2017, the Company granted 200,000 stock options to a director of the Company. The options entitle the holder to purchase one common share for each option held at $0.10 until April 28, 2022. The fair value of the stock options of $16,000 or $0.08 per option was determined using the Black Scholes option valuation model.

Share-based compensation expense was determined using the following weighted average assumptions:

	Year ended October 31, 2017	Year ended October 31, 2016
Risk-free interest rate	1.39%	1.38%
Expected life of options	5 years	5 years
Annualized volatility	169%	171%
Dividend rate	0%	0%
Forfeiture rate	0%	0%
Share price on grant date	$ 0.12	$ 0.095

At October 31, 2017, there were 3,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding and exercisable	Exercise Price	Expiry Date
1,200,000	$0.10	June 23, 2020
800,000	$0.10	June 27, 2021
900,000	$0.13	January 16, 2022
200,000	$0.10	April 28, 2022
3,100,000		

At October 31, 2017, the stock options had a weighted average remaining life of 3.48 years.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

d) Share Purchase Warrants:

A summary of share purchase warrant activity for the years ended October 31, 2017 and 2016 is as follows:

	Year Ended October 31, 2017			Year Ended October 31, 2016		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Warrants outstanding, beginning of year	9,900,400	$	0.12	4,975,000	$	0.06
Warrants exercised	-		-	(3,400,000)	$	0.05
Warrants issued	3,749,715	$	0.15	8,325,400	$	0.13
Warrants expired	(1,675,000)	$	0.11	-		-
Warrants outstanding, end of year	11,975,115	$	0.14	9,900,400	$	0.12

At October 31, 2017, there were 11,975,115 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,215,000	$0.125	June 10, 2020
2,740,566	$0.125	April 29, 2018
2,033,334	$0.125	May 6, 2018
525,000	$0.20	September 9, 2018
662,500	$0.15	October 20, 2018
1,087,500	$0.15	October 26, 2018
353,500	$0.15	December 29, 2018
3,357,715	$0.15	May 31, 2019
11,975,115		

At October 31, 2017, the weighted average remaining life of the outstanding warrants is 1.12 years.

e) Finders Warrants:

A summary of finders warrant activity for the years ended October 31, 2017 and 2016 is as follows:

	Year Ended October 31, 2017			Year Ended October 31, 2016		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Finders warrants outstanding, beginning of year	357,053	$	0.08	-	$	-
Finders warrants exercised	(38,500)	$	0.075	(8,400)	$	0.075
Finders warrants issued	33,252	$	0.10	365,453	$	0.08
Finders warrants outstanding, end of year	351,805	$	0.09	357,053	$	0.08

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

e) Finders Warrants: (cont'd)

At October 31, 2017, there were 351,805 finder's warrants outstanding entitling the holders thereof the right to purchase one unit with the same terms as the private placement to which they relate as follows:

Number of finder's warrants outstanding	Exercise Price	Expiry Date
116,900	$0.075	April 29, 2018
86,333	$0.075	May 6, 2018
9,000	$0.14	September 9, 2018
42,000	$0.10	October 20, 2018
64,320	$0.10	October 26, 2018
19,920	$0.10	December 29, 2018
13,332	$0.09	May 31, 2019
351,805		

At October 31, 2017, the finder's warrants had a weighted average remaining life of 0.73 years.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2017 and 2016, the Company incurred the following charges by directors of the Company and by companies with directors and officers in common with the Company.

	2017	2016
Accounting fees	$ 37,000	$ 28,000
Consulting fees	32,500	16,400
Exploration and evaluation assets – acquisition costs	11,000	28,500
Exploration and evaluation assets – exploration costs	402,722	26,903
Management fees	72,000	50,000
Rent	-	2,250
Share-based compensation	88,000	54,000
	$ 643,222	$ 206,053

Key Management Compensation:

During the years ended October 31, 2017 and 2016, the Company incurred the following key management compensation charges. Key management includes the Company's directors and executive officers.

	2017	2016
Accounting fees	$ 37,000	$ 28,000
Consulting fees	32,500	16,400
Exploration and evaluation assets – exploration costs	402,722	26,903
Management fees	72,000	50,000
Share-based compensation	88,000	54,000
	$ 632,222	$ 175,303

At October 31, 2017, due to related parties includes $290,397 (October 31, 2016 - $395) payable to directors of the Company and to companies with directors and officers in common with the Company for fees and expenses.

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended October 31, 2016, certain directors and officers settled a total of $42,475 in debt, in exchange for 566,333 common shares, with a fair value of $0.075 per share.

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

Operating Segment

The Company operates in one industry, being the acquisition, exploration and evaluation of mineral properties.

Geographic Segments

The Company's non-current assets are located in the following countries:

	October 31, 2017		
	Canada	USA	Total
Reclamation bonds	$ 10,000	$ 11,718	$ 21,718
Exploration and evaluation assets	973,990	194,174	1,168,164
	$ 983,990	$ 205,892	$ 1,189,882

	October 31, 2016		
	Canada	USA	Total
Reclamation bonds	$ 5,000	$ 12,212	$ 17,212
Exploration and evaluation assets	122,882	161,039	283,921
	$ 127,882	$ 173,251	$ 301,133

12. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the Year Ended October 31, 2017:

- the Company issued a total of 33,252 finder's warrants with a total fair value of $1,927 pursuant to a finder's fee agreements on private placements.
- the Company issued 187,500 share purchase warrants with a fair value of $5,625 pursuant to a finder's fee agreement on a private placement.
- the Company issued 187,500 common shares with a fair value of $13,125 pursuant to a finder's fee agreement on a private placement.
- the Company reclassified $3,851 from reserves to share capital on the exercise of 38,500 finder's warrants.
- the Company issued 3,325,000 common shares with a fair value of $337,875 to acquire the exploration and evaluation assets.
- the Company issued 200,000 common shares with a fair value of $11,000 to Nevada Sunrise as a prospect fee on the Gemini Lithium Project.
- the Company had exploration and evaluation costs of $3,012 in accounts payable and accrued liabilities.
- the Company had exploration and evaluation costs of $182,599 in due to related parties.
- The Company recognized $63,404 for the fair value of warrants issued in a private placement as a reclassification between share capital and reserves.
- The Company recognized $32,611 for a flow-through premium liability as a reclassification between share capital and accrued liabilities.

During the Year Ended October 31, 2016:

- the Company recorded a BCMETC receivable of $22,755 against exploration and evaluation assets.
- the Company issued 906,333 common shares for accounts payable and accrued liabilities of $25,500 due to related parties of $42,475.
- the Company issued a total of 365,453 finder's warrants with a total fair value of $36,365 pursuant to finder's fee agreements on private placements.
- the Company reclassified $840 from reserves to share capital on the exercise of 8,400 finder's warrants.
- the Company issued 300,000 common shares with a fair value of $28,500 to Nevada Sunrise as a prospect fee on the Gemini Property.
- the Company received 250,000 common shares with a fair value of $25,000 to from Canarc as an option payment on the FG Property.
- the Company recognized $65,750 as the fair value of incentive warrants issued as a reclassification between share capital and reserves.

(Expressed in Canadian Dollars)

13. INCOME TAXES

The following table reconciles the expected income tax recovery at the statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended October 31, 2017 and 2016:

	2017	2016
Loss for the year	$ (744,970)	$ (463,680)
Expected income tax recovery	(194,000)	(121,000)
Change in statutory, foreign tax, foreign exchange rates	(48,000)	(12,000)
Impact of flow-through shares, tax credits and other government assistance	118,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	232,000	18,000
Share issue costs	(12,000)	(8,000)
Permanent differences	26,000	21,000
Change in unrecognized deductible temporary differences	(122,000)	102,000
Total income tax recovery	$ -	$ -

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%.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2017	Expiry Dates	2016	Expiry Dates
Temporary Differences				
Exploration and evaluation assets	1,689,000	No expiry date	$ 2,918,000	No expiry date
Canadian eligible capital	-	No expiry date	20,000	No expiry date
Property and equipment	20,000	No expiry date	-	No expiry date
Share issue costs	67,000	No expiry date	42,000	No expiry date
Allowable capital loss	-	No expiry date	2,000	No expiry date
Non-capital losses	1,677,000	2026-2037	1,048,000	2026-2036

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

14. SUBSEQUENT EVENTS

Yukon Mineral Exploration Grant

The Company received a Yukon Mineral Exploration grant of $80,000.

Private Placement

On December 28, 2017, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 common shares at $0.025 per share for gross proceeds of $100,000. In connection with the private placement, the Company paid finder's fees of $4,550.

On January 22, 2018, the Company issued 750,000 common shares pursuant to the private placement of 750,000 common shares at $0.035 per share for gross proceeds of $26,250. In connection with the private placement, the Company paid finder's fees of $367.