CALIFORNIA GOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2018 and 2017

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To the Shareholders of California Gold Mining Inc.:

We have audited the accompanying consolidated financial statements of California Gold Mining Inc., which comprise the consolidated statements of financial position as at August 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audits 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, the consolidated financial statements present fairly, in all material respects, the financial position of California Gold Mining Inc. as at August 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on California Gold Mining Inc.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario

December 21, 2018

Chartered Professional Accountants

Licensed Public Accountants

MNP

California Gold Mining Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	August 31, 2018	August 31, 2017
ASSETS		
Current assets		
Cash	**$ 825,051**	$ 218,493
HST recoverable, accrued interest and amounts receivable	**62,320**	12,178
Prepaid expenses	**368,398**	42,112
Total current assets	**1,255,769**	272,783
Other assets		
Prepaid expenses	**-**	-
Property, plant and equipment (note 4)	**6,322,245**	6,118,947
Total assets	**$ 7,578,014**	$ 6,391,730
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 10)	**$ 290,487**	$ 613,815
Loans (notes 10 and 12)	**-**	400,000
Subscription proceeds received (note 5(b)(iii))	**-**	205,000
Total current liabilities	**290,487**	1,218,815
Equity		
Share capital (note 5)	**22,692,596**	17,846,354
Reserves (note 11)	**11,416,585**	10,336,355
Accumulated other comprehensive loss	**(33,709)**	(287,338)
Accumulated deficit	**(26,787,945)**	(22,722,456)
Total equity	**7,287,527**	5,172,915
Total equity and liabilities	**$ 7,578,014**	$ 6,391,730

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

Nature of operations and going concern (note 1)

Subsequent event (note 14)

Approved on behalf of the Board:

Signed "*Vishal Gupta*", Director

Signed "*Patrick Cronin*"", Director

California Gold Mining Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended	
	August 31	**August 31**
	2018	**2017**
Operating expenses	**$**	**$**
Exploration costs expensed (note 3)	**1,977,883**	448,592
Investor relations	**753,343**	279,070
Property taxes	**81,765**	71,438
Professional fees	**389,940**	262,696
Salaries and wages	**188,124**	222,888
Management fees (note 10)	**247,000**	287,000
Occupancy costs	**183,118**	148,018
Share-based payments (note 6 and 10)	**-**	86,658
Shareholder information and compliance	**98,977**	64,680
Interest and bank charges	**19,029**	33,831
Depreciation (note 4)	**38,918**	48,688
Insurance	**31,412**	31,682
Other general and administrative	**23,384**	33,041
Loss on foreign exchange	**29,974**	3,160
Loss before interest and other income	**(4,062,867)**	(2,021,442)
Other income/(loss)	**(2,622)**	2,113
Net loss for the year	**(4,065,489)**	(2,019,329)
Other comprehensive loss for the period		
Items that will be reclassified to profit or loss		
Foreign exchange translation	**253,629**	(283,454)
Net comprehensive loss for the year	**(3,811,860)**	(2,302,783)
Basic and diluted net loss per share (note 7)	**(0.09)**	(0.06)
Weighted average number of common shares outstanding (basic and diluted)	45,166,260	32,031,022

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

California Gold Mining Inc.
Consolidated Statements of Cash Flows
(Unaudited, Expressed in Canadian Dollars)

	Year Ended August 31, 2018	Year Ended August 31, 2017
Operating activities		
Net loss for the year	**$ (4,065,489)**	$ (2,019,329)
Adjustments for non-cash items:		
Depreciation	**38,918**	48,688
Share-based compensation	**-**	86,658
Loss on disposal of capital assets	**4,155**	-
Changes in non-cash working capital		
HST recoverable, accrued interest and amounts receivable	**(50,142)**	22,597
Prepaid expenses	**(326,284)**	22,534
Amounts payable and other liabilities	**(323,328)**	301,526
Net cash used in operating activities	**(4,772,170)**	(1,537,326)
Investing activity		
Purchase of property, plant and equipment	**-**	(22,737)
Net cash used in investing activity	**-**	(22,737)
Financing activity		
Issue of securities, net of costs	**5,926,472**	1,169,822
Loan proceeds (repayment)	**(400,000)**	400,000
Subscription proceeds received	**(205,000)**	205,000
Net cash provided by financing activity	**5,321,472**	1,774,822
Net change in cash and cash equivalents	**599,302**	214,759
Effect of foreign currency translation	**7,256**	(1,120)
Cash and cash equivalents, beginning of the year	**218,493**	4,854
Cash and cash equivalents, end of the year	**$ 825,051**	$ 218,493

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

California Gold Mining Inc.
Consolidated Statements of Changes in Equity
(Unaudited, Expressed in Canadian Dollars)

Equity attributable to shareholders

	Number of shares	Share capital	Reserves (note 11)	Accumulated other comprehensive income(loss)	Accumulated deficit	Total equity
	#	$	$	$	$	$
Balance, August 31, 2016	**30,323,143**	**17,142,527**	**9,783,702**	**(3,884)**	**(20,703,127)**	**6,219,218**
Private placements (note 5 (i) and (ii))	1,855,806	1,206,274	-	-	-	1,206,274
Valuation of warrants	-	(453,035)	453,035	-	-	-
Transaction costs	-	(49,412)	12,960	-	-	(36,452)
Share-based payments	-	-	86,658	-	-	86,658
Net loss and comprehensive loss of year	-	-	-	(283,454)	(2,019,329)	(2,302,783)
Balance, August 31, 2017	**32,178,949**	**17,846,354**	**10,336,355**	**(287,338)**	**(22,722,456)**	**5,172,915**
Private placements (note 5 (iii) (iv) (v) and (vi))	22,864,500	6,166,500	-	-	-	6,166,500
Valuation of warrants	-	(1,046,720)	1,046,720	-	-	-
Transaction costs	-	(273,538)	33,510	-	-	(240,028)
Net loss and comprehensive loss of year	-	-	-	253,629	(4,065,489)	(3,811,860)
Balance, August 31, 2018	**55,043,449**	**22,692,596**	**11,416,585**	**(33,709)**	**(26,787,945)**	**7,287,527**

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

1. Nature of operations and going concern

California Gold Mining Inc. (“California Gold” or the “Corporation”), which, prior to April 11, 2013 was named Upper Canada Gold Corporation and prior to January 29, 2010 was named Washmax Corp. On February 9, 2010, the Corporation’s shares commenced trading on the TSX Venture Exchange under the symbol “UCC” and on April 15, 2013, the Corporation's symbol was changed to "CGM". Effective June 2, 2016, the Corporation continued to the Business Corporations Act (Ontario) from the Business Corporations Act (Alberta) where the Corporation was initially incorporated on September 17, 1998. The Corporate office is located at Exchange Tower, 130 King Street West, Suite 1800, Toronto, Ontario, Canada, M5X 1E3.

On January 29, 2010, the Corporation acquired the Dingman Property and became a junior exploration company engaged in the acquisition, exploration and development of mineral resource properties. On March 1, 2013, the Corporation purchased a fee simple interest (subject to a 3% net smelter royalty) in approximately 3,351 acres of land located 15 miles north of the town of Mariposa, California which the Corporation has previously referred to as the Pine Tree Property and that is now referred to as the Fremont Property (note 3(b)). The Corporation has not earned any income from operations.

For the year ended August 31, 2018, the Corporation incurred a loss of $4,065,489 and had an accumulated deficit of $26,787,945. As at August 31, 2018, the Corporation had working capital of $965,280. These factors indicate the existence of material uncertainties that cast significant doubt regarding the Corporation's ability to continue as a going concern. In order to meet future expenditures and cover administrative costs, the Corporation may need to raise additional financing. These Consolidated financial statements have been prepared on the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue operations.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Corporation's reporting for the year ended August 31, 2018.

The accounting policies set out below have been applied consistently to all periods presented.

The consolidated financial statements were authorized by the Board of Directors on December 20, 2018.

(b) New accounting standards and interpretations

Recent accounting pronouncements

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting. This standard is mandatorily effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company has concluded that the adoption of IFRS 9 for the annual period beginning September 1, 2018 will not require any transitional adjustments to the classification or measurement of the Company’s financial assets and financial liabilities.

IFRS 16 – Leases (IFRS 16) was issued in January 2016 by the IASB. IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-statement of financial position finance leases and off- statement of financial position operating leases. Instead, there is a single, on- statement of financial position accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

2. Significant accounting policies (continued)

(c) Basis of presentation

These consolidated financial statements are presented in Canadian dollars. The consolidated financial statements are prepared on the historical cost basis.

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are described in note 2 (o).

(d) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries: Washmax (Weston) Ltd, California Gold Mines (US) Inc. and Fremont Gold Mining LLC. All significant intercompany transactions and balances have been eliminated on consolidation.

(e) Foreign currency translation

i) Functional and presentation currency

The consolidated financial statements of the Corporation are presented in Canadian Dollars. The Canadian Dollar is the functional currency of California Gold Mining Inc. and Washmax (Weston) Ltd. The functional currency of California Gold Mines (US) Inc. and Fremont Gold Mining LLC is the US Dollar.

Translation gains or losses resulting from the translation of consolidated financial statements into Canadian dollars are recorded in other comprehensive income or loss.

ii) Translations and balances

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the consolidated statements of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in the consolidated statements of loss and comprehensive loss.

(f) Cash

Consists of cash, demand deposits and highly-liquid short-term investments with an initial term of 90 days or less.

2. Significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives at the following rates per annum:

Furniture and fixtures	-	20% declining balance basis
Computer equipment and software	-	30% declining balance basis
Vehicles	-	30% declining balance basis
Field equipment	-	30% declining balance basis
Building	-	20 years straight line

(h) Impairment of non-current assets

The Corporation's non-current assets are reviewed for indications of impairment at the end of each reporting period. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

(i) Share-based payments

The Corporation has in effect a share option plan ("the Plan"), which allows Corporation employees, directors, officers and consultants to acquire shares of the Corporation. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(j) Mineral interests, deferred exploration and development expenditures

The Corporation expenses acquisition, exploration, and development expenditures as incurred on mineral properties not yet determined to be commercially viable and technically feasible. Acquisition, exploration, and development expenditures include acquisition costs of mineral properties, property option payments, evaluation, exploration, and permitting activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and development expenditures are capitalized if the Corporation can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and development expenditures have been identified and capitalized.

2. Significant accounting policies (continued)

(k) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

(l) Financial instruments

Financial assets:

The Corporation classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statements of loss and comprehensive loss.

Available-for-sale
Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities:

The Corporation classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Corporation's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

(Unaudited, Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(l) Financial instruments (continued)

Other financial liabilities
This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Corporation's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash	Loans and receivables
Accrued interest and amounts receivable	Loans and receivables

Financial liabilities:	**Classification:**
Amounts payable and other liabilities	Other financial liabilities
Loans	Other financial liabilities

The Corporation classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

The Corporation does not currently carry any assets or liabilities at fair value.

The following summarizes the carrying values of the Corporation's financial Instruments:

	August 31, 2018	August 31, 2017
Cash and cash equivalents	**$ 825,051**	$ 218,493
Accrued interest and amounts receivable	**$ 62,320**	$ 12,178
Accounts payable and other liabilities	**$ 290,487**	$ 613,815
Loans	**$ -**	$ 400,000
Subscription proceeds received	**$ -**	$ 205,000

(m) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

2. Significant accounting policies (continued)

(m) Impairment of financial assets (continued)

For certain categories of financial assets, such as amounts receivable and assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(n) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(o) Significant estimates and assumptions

The following are the key estimates and assumption uncertainties as considered by management:

- The allocation of purchase price for Fremont Property among land, building and acquisition expense is based on an appraisal commissioned by the Corporation dated June 20, 2013 (Note 3(b)).

Prior to the year ended August 31, 2017, the series of loans made from the parent company were not considered parts of its net investment in the subsidiary as the Corporation planned to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses were recorded through loss from operations. In fiscal 2017, the Corporation determined that settlement of these amounts was neither planned nor likely in the foreseeable future and were therefore considered to be part of the net investment in the foreign operation. On a prospective basis commencing September 1, 2016, the resultant foreign exchange gains and losses are recorded through comprehensive loss.

(Unaudited, Expressed in Canadian Dollars)

3. Exploration and evaluation expenditures on mineral properties

a) Dingman Property:

Costs incurred on the mineral interests for the Dingman Property for the year ended August 31, 2018 and 2017 are summarized as follows:

	2018	2017
Exploration costs	$ 6,583	$ 16,914

Total cumulative costs incurred on the Dingman Property as of August 31, 2018 are summarized as follows:

Acquisition costs	$ 2,139,055
Exploration costs	1,217,527
Land access fees	85,500
Finder fee	25,000
	$ 3,467,082

b) Fremont Property

On March 1, 2013, the Corporation completed the acquisition of a fee simple interest (subject to a 3% net smelter royalty) of 3,351 acres of land in Mariposa County, California known as the Fremont Property. The purchase was completed through the Corporation's wholly owned subsidiary, Fremont Gold Mining LLC. The purchase price consisted of aggregate consideration to the Vendor of US$5,120,000 of which US$4,999,949 was paid on closing. The Corporation also paid a third party an aggregate finder's fee of US$303,600 of which US$253,600 was paid on closing. On the basis of an appraisal commissioned by the Corporation and dated June 20, 2013, the purchase price paid upon closing of US$4,999,949 was allocated as follows:

Land	US$4,650,000
Building	US$160,000
Acquisition expense	US$189,949

Costs incurred on the fee simple interest for the Fremont Property for the year ended August 31, 2018 and 2017 are summarized as follows:

		2018		2017
Exploration and development expenditures	$	1,971,300	$	431,678

Total cumulative costs incurred on the Fremont Property as of August 31, 2018 are summarized as follows:

Acquisition and improvement costs	$	5,885,901
Exploration and development costs		9,523,054
	$	15,408,955

(Unaudited, Expressed in Canadian Dollars)

4. Property, plant and equipment

Cost	Furniture and Fixtures	Leasehold improvements	Computer equipment	Computer Software	Vehicles	Field equipment	Building	Land	Total
	$	$	$	$	$	$	$	$	$
Balance, August 31, 2016	**11,819**	**8,927**	**20,016**	**19,097**	**52,024**	**115,405**	**230,209**	**6,112,558**	**6,570,055**
Additions	2,550	-	-	-	-	20,187	-	-	22,737
Effect of foreign exchange adjustment	(153)	-	(329)	(293)	(2,301)	(6,088)	(10,180)	(270,302)	(289,646)
Balance, August 31, 2017	**14,216**	**8,927**	**19,687**	**18,804**	**49,723**	**129,504**	**220,029**	**5,842,256**	**6,303,146**
Disposal	-	-	-	-	(43,592)	-	-	-	(43,592)
Effect of foreign exchange adjustment	137	-	294	263	1,107	5,324	9,109	241,874	258,108
Balance, August 31, 2018	**14,353**	**8,927**	**19,981**	**19,067**	**7,238**	**134,828**	**229,138**	**6,084,130**	**6,517,662**

Accumulated depreciation	Furniture and Fixtures	Leasehold improvements	Computer equipment	Computer Software	Vehicles	Field equipment	Building	Land	Total
	$	$	$	$	$	$	$	$	$
Balance, August 31, 2016	**3,684**	**8,927**	**11,353**	**11,612**	**35,521**	**35,103**	**36,622**	**-**	**142,822**
Additions	2,578	-	1,975	2,251	4,986	25,309	11,589	-	48,688
Effect of foreign exchange adjustment	(85)	-	(161)	(228)	(1,824)	(2,808)	(2,205)	-	(7,311)
Balance, August 31, 2017	**6,177**	**8,927**	**13,167**	**13,635**	**38,683**	**57,604**	**46,006**	**-**	**184,199**
Disposal	-	-	-	-	(36,814)	-	-	-	(36,814)
Depreciation	1,606	-	1,979	1,565	3,377	21,982	8,409	-	38,918
Effect of foreign exchange adjustment	80	-	164	210	872	2,837	4,951		9,114
Balance, August 31, 2018	**7,863**	**8,927**	**15,310**	**15,410**	**6,118**	**82,423**	**59,366**	**-**	**195,417**

Net carrying value	Furniture and Fixtures	Leasehold improvements	Computer equipment	Computer Software	Vehicles	Field equipment	Building	Land	Total
	$	$	$	$	$	$	$	$	$
August 31, 2016	**8,135**	**-**	**8,663**	**7,485**	**16,503**	**80,302**	**193,587**	**6,112,558**	**6,427,233**
August 31, 2017	**8,039**	**-**	**6,520**	**5,169**	**11,040**	**71,900**	**174,023**	**5,842,256**	**6,118,947**
August 31, 2018	**6,490**	**-**	**4,671**	**3,657**	**1,120**	**52,405**	**169,772**	**6,084,130**	**6,322,245**

5. Share capital

a) Authorized share capital

Unlimited number of voting common shares
Unlimited number of non-voting first preferred shares
Unlimited number of non-voting second preferred shares

b) Equity activity

(i) On September 8, 2016, the Corporation closed a non-brokered private placement of 720,421 units ("Units") at a price of $0.65 per Unit for total proceeds of $468,274. Each Unit was comprised of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire a further common share of the Corporation at a price of $0.75 for three years following the date of issuance. The fair value of common share purchase warrants issued in this placement was estimated at $136,153.

The Corporation incurred cash transaction costs of $20,150. In connection with the Offering, the Corporation issued 23,100 broker warrants (valued at $12,960) with each broker warrant entitling the holder to acquire one Unit of the financing at a price of $0.65 for three years following the date of issuance.

(ii) On October 20, 2016, the Corporation closed a second tranche of non-brokered private placement of 1,135,385 units ("Units") at a price of $0.65 per Unit for total proceeds of $738,000. Each Unit was comprised of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire a further common share of the Corporation at a price of $0.75 for three years following the date of issuance. The fair value of common share purchase warrants issued in this placement was estimated at $318,560.

The Corporation incurred transaction costs of $16,300. Insiders subscribed for a total of 1,076,923 Units as part of this offering.

(iii) On September 21, 2017, the Corporation completed a non-brokered private placement consisting of a total of 8,000,000 units (“Units”) at a price of $0.25 per Unit, for gross proceeds of $2,000,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50. The fair value of common share purchase warrants issued in this placement was estimated at $380,000.

The Corporation incurred cash transaction costs of $82,682. Finders fees associated with this financing included $28,700 in cash and 114,800 warrants valued at $10,905. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50. Of the gross proceeds received, $205,000 was received before August 31, 2017 and were presented as subscription proceeds received as at August 31, 2017.

Insiders subscribed for a total of 2,090,000 Units as part of this offering.

(iv) On November 20, 2017, the Corporation completed a non-brokered private placement consisting of a total of 3,002,500 units (“Units”) at a price of $0.40 per Unit, for gross proceeds of $1,201,000. Each Unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.75. The fair value of common share purchase warrants issued in this placement was estimated at $285,240

(Unaudited, Expressed in Canadian Dollars)

5. Share capital (continued)

The Corporation incurred cash transaction costs of $51,108. Finder's fees associated with this financing included an aggregate of $9,170 in cash and 22,925 warrants valued at $2,180. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.75.

Insiders subscribed for a total of 1,250,000 Units as part of this offering.

(v) On March 12 and April 27, 2018, the Corporation completed two tranches of a non-brokered private placement for a total of 6,660,000 units ("Units") at a price of $0.25 per Unit, for gross proceeds of $1,665,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50. The fair value of common share purchase warrants issued in this placement was estimated at $230,620.

The Corporation incurred cash transaction costs of $50,123. Finder's fees associated with this financing included an aggregate of $38,924 in cash and 153,200 warrants valued at $10,650. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50.

Insiders subscribed for a total of 2,000,000 Units as part of this offering.

(vi) On August 14 and August 30, 2018, the Corporation completed two tranches of a non-brokered private placement for a total of 5,202,000 units ("Units") at a price of $0.25 per Unit, for gross proceeds of $1,300,500. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50. The fair value of common share purchase warrants issued in this placement was estimated at $150,860.

The Corporation incurred cash transaction costs of $56,111. Finder's fees associated with this financing included an aggregate of $45,236 in cash and 168,940 warrants valued at $9,775. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50.

6. Stock options

On April 4, 2013, the shareholders of the Corporation approved an amendment to its stock option plan (the "Plan") whereby the Corporation is authorized to grant options to purchase up to 2,561,500 outstanding common shares of the Corporation to directors, senior officers, full time employees and/or consultants of the Corporation. The terms of the awards under the Plan are determined by the Board of Directors.

	Number of stock options	**Weighted average exercise price (ii) ($)**
Balance, August 31, 2016	**1,470,000**	**1.60**
Granted	120,000	0.75
Expired	(360,000)	0.75
Balance, August 31, 2017	**1,230,000**	**0.75**
Expired	**(450,000)**	**0.75**
Balance, August 31, 2018	**780,000**	**0.75**

(Unaudited, Expressed in Canadian Dollars)

6. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of August 31, 2018:

Expiry date	Exercise price[(ii)] ($)	Options outstanding	Weighted average remaining contractual life (yrs)	Options exercisable	Grant date fair value ($)
December 20, 2018	0.75	100,000	0.56	100,000	28,362
July 27, 2021	0.75	300,000	3.16	300,000	177,000
July 27, 2021	0.75	20,000	3.16	20,000	11,600
July 27, 2021	0.75	240,000	3.16	240,000	136,800
March 30, 2022	0.75	120,000	3.83	120,000	45,600
		780,000	2.60	780,000	399,362

(i) On March 31, 2017, the Corporation granted, to a member of its Board of Directors, options to purchase an aggregate of 120,000 common shares of the Corporation with such options being exercisable on or before the expiry of five years from the date of grant. These options vested immediately and are exercisable at a price of $0.75. The fair value of the stock options has been determined to be $45,600 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.06%, dividend yield of 0%, expected stock volatility of 148% and expected life of 5 years.

(ii) On February 28, 2017 at the Corporation's annual general meetings, the shareholders voted to approve the change in exercise price for the 1,130,000 outstanding options at that time, to $0.75. Reflected in the share based payment expense for the year ended August 31, 2017 is an adjustment in the amount of $35,500 to reflect the fair value adjustment to these options as result of the change in exercise price.

7. Net loss per common share

The calculation of basic and diluted loss per share for the year ended August 31, 2018 was based on the net loss attributable to common shareholders of $4,065,489 (August 31, 2017 - $2,019,329) and the weighted average number of common shares outstanding of 45,166,260 (August 31, 2017 – 32,031,022). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

8. Broker warrants

The following table reflects the continuity of broker warrants:

	Number of broker warrants	Grant date fair value ($)
Balance, August 31, 2016	**124,700**	**84,875**
Granted (note 5(b)(i))	23,100	12,960
Expired	(76,400)	(75,025)
Balance, August 31, 2017	**71,400**	**22,810**
Granted (note 5(b)((iii) (iv) (v) and (vi))	459,865	33,510
Expired	-	-
Balance, August 31, 2018	**531,265**	**56,320**

(Unaudited, Expressed in Canadian Dollars)

8. Broker warrants (continued)

The following table reflects the actual broker warrants issued and outstanding as of August 31, 2018:

Expiry date	Exercise price ($)	Broker warrants outstanding	Grant date fair value ($)
May 5, 2019	1.00	48,300	9,850
September 8, 2019	1.00	23,100	12,960
September 21, 2019	0.50	114,800	10,905
November 21, 2019	0.75	22,925	2,180
March 11, 2020	0.50	100,200	7,100
April 28, 2020	0.50	53,000	3,550
August 14, 2020	0.50	114,200	6,600
August 30, 2020	0.50	54,740	3,175
		531,265	56,320

9. Warrants

	Number of warrants	Grant date fair value, net of issuance costs ($)
Balance, August 31, 2016	**21,952,707**	**6,049,419**
Issued (notes 5(b)(i) &(ii))	927,905	453,035
Expired	(7,200,000)	(3,184,899)
Balance, August 31, 2017	**15,680,612**	**3,317,555**
Issued (notes 5(b)(iii)(iv) and (v))	12,933,500	1,046,720
Expired	(11,434,207)	(2,198,851)
Balance, August 31, 2018	**17,179,905**	**2,165,424**

The following table reflects the actual warrants issued and outstanding as of August 31, 2018:

Expiry date	Exercise price ($)	Warrants outstanding	Grant Date fair value, net of issuance costs ($)
March 17, 2019	0.75(i)	1,800,000	354,313
April 22, 2019	0.75(i)	798,500	164,524
May 5, 2019	0.75(i)	720,000	146,832
September 8, 2019	0.75(i)	360,212	134,475
October 20, 2019	0.75(i)	567,693	318,560
September 21, 2019	0.50	4,000,000	380,000
November 21, 2019	0.75	3,002,500	285,240
March 11, 2020	0.50	1,810,000	128,780
April 28, 2020	0.50	1,520,000	101,840
August 15, 2020	0.50	1,870,000	108,460
August 31, 2020	0.50	731,000	42,400
		17,179,905	2,165,424

(i) On February 28, 2017 at the Corporation’s annual general meetings, the shareholders voted to approve the change in exercise price for the 15,680,612 outstanding warrants at that time, to $0.75. As a result, all exercise prices for outstanding warrants have been changed to $0.75.

(Unaudited, Expressed in Canadian Dollars)

9. Warrants (continued)

The fair values of the warrants issued during the year ended August 31, 2018 and for the year ended August 31, 2017 were estimated using the Black-Scholes option pricing model with the following assumptions:

	Year Ended August 31, 2018	**Year ended August 31, 2017**
Risk free interest rate	1.45 – 2.14%	0.54 – 0.62%
Expected dividend yield	Nil	Nil
Expected volatility	84-94%	164%
Expected life	2 years	3 years

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Corporation's warrants at the date of issue.

10. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation.

The Corporation did not have any new transactions with related parties during the year ended August 31, 2018 and the year ended August 31, 2017, except for those noted in Note 5 (b) – Share Capital Transactions and Note 12 – Loans.

Remuneration of key management personnel of the Corporation was as follows:

		Year Ended August 31, 2018		Year Ended August 31, 2017
Short-term benefits	**$**	**266,996**	$	286,996
Share based payments	**$**	**nil**	$	86,658
	$	**266,955**	$	373,654

As at August 31, 2017, the Corporation had a loan from a family member of management in the amount of $220,000. The loan was repaid subsequent to the August 31, 2017 year end. See note 12 for further information.

As at August 31, 2018, the Corporation owed key management personnel $nil (August 31, 2017- $183,950) which is included in accounts payable and accrued liabilities.

11. Reserves

As of:		**August 31, 2018**		August 31, 2017
Warrants	**$**	**2,165,424**	$	3,317,555
Broker warrants		**56,320**		22,810
Contributed surplus		**9,194,841**		6,995,990
	$	**11,416,585**	$	10,336,355

(Unaudited, Expressed in Canadian Dollars)

12. Loans

A series of loans were utilized to fund certain current payable obligations for the year ended August 31, 2017. The loans were unsecured bearing interest at 3% per month and repayable in 90 days. The total amount of loans at August 31, 2017 were $400,000, all of which were repaid subsequent to the August 31, 2017 year end. A portion of the loans, $220,000 were from related parties. See note 10 for further information.

13. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 - 26.5%) to the effective tax rate is as follows:

		2018		2017
Net loss before recovery of income taxes	$	**4,065,489**	$	2,019,329
Combined statutory income tax rate		**26.5%**		26.5%
Expected income tax recovery		**(1,077,360)**		(535,120)
Difference in foreign tax rates		**1,396,720**		(110,590)
Non-deductible expenses and other adjustments		**7,850**		25,890
Change in tax benefits not recognized		**(327,210)**		619,820
Income tax expenses	**$**	**-**	$	-

The following table summarizes the components of deferred tax:

		2018		2017
Deferred tax assets (liabilities):				
Non-capital losses carried forward	**$**	**425,340**	$	591,560
Unrealized foreign exchange		**(425,340)**		(591,560)
Net deferred tax assets (liabilities)	**$**	**-**	$	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset.

(Unaudited, Expressed in Canadian Dollars)

13. Income taxes (continued)

Unrecognized deferred tax

Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits:

August 31,	**2018**	2017
Mineral properties	**$ 10,153,280**	$ 8,799,930
Share issuance costs	**279,970**	97,100
Non-capital losses - Canada	**7,408,640**	5,670,530
Non-capital losses – US (CAD)	**4,626,760**	3,140,230
Net capital losses carried forward	**27,200**	27,200
Other temporary differences	**36,970**	89,950
Accumulated other comprehensive income	**11,120**	579,400
	$ 22,544,140	$ 18,404,340

The Canadian non-capital losses carried forward expire as noted in the table below. The US non-capital loss carry forwards expire between 2033 and 2038. The net capital loss carry-forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2022. Investment tax credit expire from 2016 - 2026. The remaining deductible temporary differences may be carried forward indefinitely.

The Corporation's non-capital income tax losses expire as follows:

	Canada (CAD)	**United States (USD)**
2026	$ 58,790	$ -
2027	45,700	-
2028	120,770	-
2029	260,020	-
2030	387,120	-
2031	789,710	-
2032	478,670	-
2033	185,130	924,280
2034	669,540	613,710
2035	782,960	427,020
2036	805,410	796,130
2037	1,075,250	906,830
2038	1,749,580	1,040,510
	$ 7,408,640	$ 4,708,480

14. Subsequent event

Option Grant

On November 30, 2018, the Company announce that it granted 4,340,000 options to officers, directors, employees and consultants of the Company. Each option is exercisable into one common share at an exercise price of $0.50 and has a term of five years. Options to officers and director have a vesting provision over a period of 2 years.