TREASURY METALS Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Treasury Metals Inc.

Opinion

We have audited the consolidated financial statements of Treasury Metals Inc., (the Group), which comprise the consolidated balance sheets as at December 31, 2018 and December 31, 2017 and the consolidated statements of operations, other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of $4,511,611 during the year ended December 31, 2018 and, as of that date, the Group's current assets exceeded its current labilities by $882,045, excluding the non-cash unrenounced flow-through share premium liability and the derivative liability. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management discussion and analysis report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 1, 2019
Toronto, Ontario

TREASURY METALS INC.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN CANADIAN DOLLARS)

	December 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	**$ 2,399,524**	$ 4,654,896
Accounts receivable and prepaid expenses (Note 5)	**327,867**	584,907
	2,727,391	5,239,803
Investments (Note 6)	**79,599**	317,242
Property and equipment (Note 7)	**2,312,711**	2,335,564
Mineral properties and related deferred costs (Note 8)	**76,503,961**	70,290,674
	$ 81,623,662	$ 78,183,283
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 1,812,941**	$ 1,364,118
Current portion of long-term debt (Note 10)	**32,405**	23,615
Derivative liability (Note 10)	**1,775,856**	1,233,779
Unrenounced flow-through share premium (Note 11)	**83,487**	381,000
	3,704,689	3,002,512
Long-term debt (Note 10)	**4,565,390**	4,889,428
Deferred tax liability (Note 16)	**1,597,200**	1,466,000
	9,867,279	**9,357,940**
Shareholders' Equity		
Capital stock (Note 11)	**93,119,530**	87,238,185
Contributed surplus (Note 12) & (Note 13)	**9,623,143**	7,824,194
Deficit	**(30,743,664)**	(26,232,053)
Accumulated other comprehensive loss	**(242,626)**	(4,983)
	71,756,383	68,825,343
	$ 81,623,662	$ 78,183,283

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations and Contingencies (Note 17)
Subsequent Event (Note 19)

SIGNED ON BEHALF OF THE BOARD

(Signed) *"Doug Bache"*
Director

(Signed) *"Marc Henderson"*
Director

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

Years ended December 31,	2018	2017
Income		
Other income	$ 1,745	$ 735
Realized gain on converted warrants	-	51,498
	1,745	52,233
Expenses		
Administrative, office and shareholder services	$ 1,061,369	$ 1,311,610
Professional fees	996,295	1,019,435
Arbitration costs award (Note 19)	820,325	-
Salary and benefits	787,343	911,479
Stock-based compensation (Note 13)	92,015	235,331
Accretion and amortization of long-term debt transaction costs (Note 10)	684,172	938,596
Interest	484,804	638,649
Foreign exchange loss (gain)	724,515	(340,088)
Write-off of investments (Note 6)	-	65,018
(Gain) Loss on debt extinguishment (Note 10)	(112,259)	1,311,635
Fair value change in derivative liability (Note 10)	(775,423)	(1,088,761)
	4,763,156	5,002,904
Loss before income taxes	(4,761,411)	(4,950,671)
Deferred income tax recovery (Note 16)	249,800	1,699,800
Net loss for the year	$ (4,511,611)	$ (3,250,871)
Loss per share - basic and diluted	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding	130,882,043	112,014,025

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

Years ended December 31,		2018		2017
Net loss for the year	$	**(4,511,611)**	$	(3,250,871)
Other comprehensive income (loss)				
Unrealized gain (loss) on equity investments, net of taxes (Note 6)		**(237,643)**		(69,191)
Reclassification of equity investments to income upon write-down (Note 6)		**-**		65,018
Other comprehensive loss for the year		**(237,643)**		(4,173)
Total comprehensive loss for the year	$	**(4,749,254)**	$	(3,255,044)

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2017	**103,108,383**	**$ 76,917,364**	**$ 6,101,553**	**$ (22,981,182)**	**$ (810)**	**$ 60,036,925**
Units issued for cash in private placements (Note 11)	12,400,000	8,060,000	-	-	-	8,060,000
Flow through private placements (Note 11)	6,350,000	4,254,500	-	-	-	4,254,500
Share issue cash costs (Note 11)	-	(996,107)	-	-	-	(996,107)
Issuance of agent warrants (Note 12)	-	(239,162)	239,162	-	-	-
Issuance of warrants (Notes 11 and 12)	-	(1,042,623)	1,042,623	-	-	-
Stock options and warrants exercised (Notes 12 and 13)	1,203,115	500,494	-	-	-	500,494
Fair value of stock options and warrants exercised (Notes 12 and 13)	-	164,719	(164,719)	-	-	-
Warrants issued with respect to term loan	-	-	279,954	-	-	279,954
Unrenounced flow-through shares premium	-	(381,000)	-	-	-	(381,000)
Stock-based compensation (Note 13)	-	-	325,621	-	-	325,621
Net loss for the year	-	-	-	(3,250,871)	-	(3,250,871)
Other comprehensive loss	-	-	-	-	(4,173)	(4,173)
Balance, December 31, 2017	**123,061,498**	**$ 87,238,185**	**$ 7,824,194**	**$ (26,232,053)**	**$ (4,983)**	**$ 68,825,343**
Units issued for cash in private placements (Note 11)	11,904,762	5,000,000	-	-	-	5,000,000
Flow-through private placements (Note 11)	8,348,741	2,254,160	-	-	-	2,254,160
Share issue cash costs (Note 11)	-	(282,790)	-	-	-	(282,790)
Issuance of warrants (Note 11) and (Note 12)	-	(1,732,027)	1,732,027	-	-	-
Stock options exercised (Note 12) and (Note 13)	1,775,000	621,250	-	-	-	621,250
Fair value of stock options exercised (Note 12) and (Note 13)	-	188,150	(188,150)	-	-	-
Warrants issued with respect to term loan (Note 12)	-	-	36,127	-	-	36,127
Fair value adjustment of extended warrants (Note 12)	-	(83,911)	83,911	-	-	-
Unrenounced flow-through shares premium	-	(83,487)	-	-	-	(83,487)
Stock-based compensation (Note 13)	-	-	135,034	-	-	135,034
Net loss for the year	-	-	-	(4,511,611)	-	(4,511,611)
Other comprehensive loss	-	-	-	-	(237,643)	(237,643)
Balance, December 31, 2018	**145,090,001**	**$ 93,119,530**	**$ 9,623,143**	**$ (30,743,664)**	**$ (242,626)**	**$ 71,756,383**

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

Years ended December 31,	**2018**	2017
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss for the year	**$ (4,511,611)**	$ (3,250,871)
Adjustments for:		
Realized gain on converted warrants (Note 6)	**-**	(51,498)
Deferred income tax recovery (Note 16)	**(249,800)**	(1,699,800)
Stock-based compensation	**92,015**	235,331
Write-down of equity investments (Note 6)	**-**	65,018
Accretion and amortization of long-term debt transaction costs (Note 10)	**684,172**	938,596
Loss on debt extinguishment	**(112,259)**	1,311,635
Fair value change in derivative liability	**(775,423)**	(1,088,761)
Foreign exchange on long-term debt (Note 10)	**624,852**	(312,446)
Net change in non-cash working capital items:		
Accounts receivable and prepaid expenses	**257,040**	275,790
Accounts payable and accrued liabilities	**448,823**	(1,307,461)
	(3,542,191)	(4,884,467)
Financing Activities		
Private placements, net of issue costs (Note 11)	**6,971,370**	11,318,393
Proceeds from short-term loan (Note 10)	**-**	533,139
Repayment of short-term loan and interest	**-**	(652,370)
Long-term debt repayments (Note 10)	**(26,016)**	(21,862)
Stock options and warrants exercised	**621,250**	500,494
Cash transaction costs of long-term debt (Note 10)	**(150,062)**	(140,284)
	7,416,542	11,537,510
Investing Activities		
Purchase of investments	**-**	(55,280)
Proceeds from GPM option agreement (Note 8)	**250,000**	150,000
Acquisition of property and equipment	**(2,936)**	(14,972)
Acquisition of mineral properties and related deferred costs	**(6,376,787)**	(4,935,478)
	(6,129,723)	(4,855,730)
Increase (decrease) in cash and cash equivalents	**(2,255,372)**	1,797,313
Cash and cash equivalents, beginning of the year	**4,654,896**	2,857,583
Cash and cash equivalents, end of the year (Note 4)	**$ 2,399,524**	$ 4,654,896

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(EXPRESSED IN CANADIAN DOLLARS)

Years ended December 31,	**2018**	2017
Supplementary cash flow information		
Changes in non-cash activities:		
Fair value of warrants issued for commission on private placement	**$ -**	$ 239,162
Stock-based compensation capitalized to mineral properties and related deferred costs (Note 13)	**$ 43,019**	$ 90,290
Amortization capitalized to mineral properties and related deferred costs	**$ 43,863**	$ 48,226
Issuance of financier warrants (Note 12)	**$ 36,127**	$ 279,954

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Treasury Metals Inc. (the "Company" or "Treasury Metals") is incorporated under the laws of Ontario and listed on the Toronto Stock Exchange under the symbol "TML". The address of the Company's registered office is 130 King Street West, Suite 3680, Toronto, Ontario, Canada. The mineral properties of Treasury Metals are all located in Canada and are in the exploration stage and, on the basis of information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in its properties and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the properties. The Company's success depends on the successful development of the properties and corresponding permitting and feasibility study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Project.

At December 31, 2018, the Company had a working capital of $882,045 (2017 – $3,852,070) excluding the non-cash unrenounced flow–through share premium liability and the derivative liability, had cash outflow from operations of $3,542,191 (2017 - $4,884,467) has not yet achieved profitable operations, had accumulated losses of $30,743,664 (2017 - $26,232,053) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company’s ability to continue as a going concern.

On April 1, 2019, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2018 and 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Principles of Consolidation

The consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated on the date control ceases.

The consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries Goldeye Explorations Ltd. and Silvereye Explorations Ltd.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Basis of Preparation

These consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its wholly owned Canadian subsidiaries.

The financial statements are prepared on the historical cost basis except for financial instruments which are measured at their fair value, as explained in the accounting policies set out in this note.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The accounting policies set out below have been applied consistently to the periods presented in the consolidated financial statements, except as noted.

Accounting Standards Adopted in 2018

IFRS 9 Financial Instruments (IFRS 9)

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The effective date for IFRS 9 is for periods beginning on or after January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also includes guidance on the classification and measurement of financial liabilities.

The Company adopted IFRS 9 on January 1, 2018 using the modified retrospective basis with no restatement of comparative periods. The adoption of the new standard by the Company resulted in no change in measurement or the carrying amount of financial assets and liabilities, however the classification of financial assets and financial liabilities changed as follows:

- Cash and cash equivalents and accounts receivables, that were classified as loans and receivables are now classified as amortized cost.

- Investments that were classified as available for sale are now classified as fair value through other comprehensive income.

- Accounts payable and long-term debt that were classified as other financial liabilities are now classified as amortized cost.

- Derivative liability remains unchanged and continues as fair value through profit and loss.

- IFRS 9 utilizes a forward-looking expected credit loss model (ECL). The ECL model requires a more timely recognition of expected credit losses using judgement determined on a probability-weighting basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost.

IFRS 16 Leases (IFRS 16)

IFRS 16 was issued in January 2016 and supersedes IAS 17 Leases (IAS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract: i.e. the customer (“lessee”) and the supplier (“lessor”).

Lessor accounting is substantially unchanged from IAS 17 or previous requirements. Lessors will continue to classify all leases using the same classification principles and distinguish between operating and finance leases. Consistent with IAS 17, leases with tenants continue to be accounted for as operating leases.

From a lessee perspective, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The most significant effect of the new standard was the lessee’s recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the balance sheet, including those for most leases that would be currently accounted for as operating leases. Both leases with durations of 12 months or less and leases for low-value assets may be exempted.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Company early adopted IFRS 16 on January 1, 2018 using the modified retrospective basis. The adoption of the new standard by the Company resulted in no change to the presentation to the Company's consolidated financial statements.

Foreign Currency Translation

Foreign currency transactions are initially recorded into the functional currency at the transaction date exchange rate. At year end, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the balance sheet date's exchange rate and non-monetary assets and liabilities at the historical rate. These foreign currency adjustments are recognized in net loss of the consolidated statement of operations.

Cash and Cash Equivalents

The “cash and cash equivalents” category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less or which are cashable without penalty.

Financial Instruments

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets and financial liabilities classified as fair value through profit or loss, are measured at fair value plus or minus transaction costs on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The following summarizes the Company’s classification and measurement of financial assets and financial liabilities:

- Cash and cash equivalents and accounts receivables, are classified as loans and receivables are now classified as amortized cost ("AC").
- Equity Investments have been designated as fair value through other comprehensive income ("FVTOCI").
- Accounts payable and long-term debt are classified as amortized cost. ("AC").
- Derivative liability is classified as fair value through profit and loss ("FVTPL").

Measurement in subsequent periods depends on the classification of the financial instrument:

Financial assets at amortized cost

Cash and cash equivalents and accounts receivable are held with the objective of collecting contractual cash flows and those cash flows are solely payments of principal and interest, and classified as amortized cost.

Subsequent to initial recognition, these assets are carried at amortized cost, using the effective interest method, less any impairment loss. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statement of income. Any subsequent reversal of an impairment loss is recognized in profit or loss.

The Company does not currently hold any derivative assets.

Accounting policy for extinguishment/modification of debt

Long-term debt is initially recognized at the fair value of the consideration received, net of transaction costs. It is subsequently measured at amortized cost using the effective interest method.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

When the debt is amended, if the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the debt and amortized over the remaining term of the debt. If the modification is determined to be substantially different based on qualitative factors or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is at least ten percent different from the discounted present value of the remaining cash flows of the original debt, the modification is accounted for as an extinguishment of the debt with a gain/loss to the carrying amount of the debt being recorded in the consolidated statements operations immediately. Also, the transactions costs related to the debt extinguishment are recorded in the statements of operations.

Financial assets at fair value through other comprehensive income

The Company has made an irrevocable election on initial recognition to present gains and losses on Equity Investments (that are not held-for-trading or contingent consideration recognized in a business combination) in other comprehensive income ('OCI').

Financial liabilities at amortized cost

Accounts payable and long-term debt are classified as amortized cost.

Subsequent to initial recognition, these liabilities are carried at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL if they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of operations.

The derivative liability is measured at FVTPL.

Impairment of financial assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss (ECL) model. The Company applies the simplified approach which uses lifetime ECLs for accounts receivables.

Property and Equipment

i) Assets owned by the Company

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Useful life is reviewed at the end of each reporting period.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(ii) Leased assets

The Company early adopted *IFRS 16, Leases* ("IFRS 16") effective January 1, 2018 on a modified retrospective basis.The comparative information has not been restated and continues to be reported under IAS 17. The details of the change in accounting policy are disclosed below.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

• the contract involves the use of an identified asset, specified either explicitly or implicitly, that is physically distinct, and usage represents substantially all of the capacity of the asset; if the supplier has a substantive substitution right then the asset is not identified

• the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

• the Company has the right to direct use of the asset, which is evidenced by decision-making rights to direct how and for what purpose the asset is used.

The Company recognizes a Right of Use ("ROU") asset and a lease liability at the lease commencement date.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred also any ARO and lease incentives received. The asset is subsequently depreciated using the straight line method, from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful life is based on those of property and equipment.

The lease liability is initially measured at the present value of future lease payments, discounted using the rate implicit in lease and incremental borrowing rate, as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. If the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the consolidated statement of loss and comprehensive loss if the carrying value of the ROU asset is zero.

The Company has elected not to recognize assets and lease liabilities for short-term leases with a term of 12 months or less, and leases of low value assets. Low value assets consist primarily of IT equipment. The lease payments associated with these leases are recognized as an expense in the consolidated statement of loss and comprehensive loss over the lease term.

This policy is applied for contracts entered into, or changed, on or after January 1, 2018.

For contracts entered into before January 1, 2018, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

• fulfilment of the arrangement was dependent on the use of specific assets; and

• the arrangement conveyed a right to use the asset. An arrangement conveyed the right to use the asset if the Company had the ability to control physical access to the asset and how and for what purpose the asset was used.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Under IAS 17, leases that transferred substantially all the risks and rewards of ownership were classified as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The Company did not have any leases that were classified as finance leases under IAS 17.

All other leases were classified as operating leases and were not recognized in the Company's balance sheet. Payments made under operating leases were recognized in the consolidated statement of loss and comprehensive loss over the term of the lease.

On transition, the Company applied the transitional guidance of the standard and recognized ROU assets at an amount equal to the lease liability, adjusted for prepaid or accrued lease payments recognized before initial application, of which there were none.

As a result, $18,074 of ROU assets in property and equipment and $18,074 of lease liabilities were recognized at December 31, 2018. When measuring lease liabilities, the Corporation discounted lease payments using its incremental borrowing rate at the date of adoption. The rate applied is 20.41%.

iii) Subsequent costs

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the statement of operations as an expense as incurred.

iv) Amortization

Amortization is calculated on straight-line and declining balance basis over the estimated useful lives of each part of an item of property and equipment or over the term of the lease agreement. The estimated useful lives in the current and comparative year are as follows:

Building	4% Declining balance
Furniture and equipment	20% Declining balance
Vehicles under finance lease	Straight line over five years
Other vehicles	Straight line over five years
Right-of-use assets	Straight line over the term of the lease agreement

Mineral Properties and Related Deferred Costs

The Company defers exploration and evaluation expenditures until such time as technical and economic feasibility is reached and the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Capitalized expenditures include all the costs incurred in exploration and evaluation of potential mineral reserves and resources, such as exploratory drilling and sample testing and the costs of prefeasibility studies. Exploration expenditures are related to the initial search for deposits of minerals with economic value. Evaluation expenditures are related to the detailed economic assessments of identified deposits that are potentially economically viable.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Impairment

The Company continually reviews and evaluates the events or changes in the economic environment that indicates a risk of impairment of non-financial assets to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Impairment of the assets is evaluated at the cash generating unit ("CGU") level which is the smallest identifiable group of asset that generates cash inflows, independent of the cash inflows from other assets, as defined by IAS 36 "Impairment of assets". Recoverable amount is defined as the higher of an asset's fair value (less costs to sell) and its value in use. The active market or a binding sale agreement provides the best evidence for the determination of the fair value, but where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

Provisions

A provision is recognized on the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Deferred Taxes

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount on the balance sheet.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year-end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, carry forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.
- Current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

Units Issuance

From time to time, the Company may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Company and a whole, or fraction of, a share purchase warrant. The Company allocates the proceeds from each unit to the common share and warrant components based on their relative fair value using the Black-Scholes pricing model. Transaction costs arising on the issue of Units are recognized in equity as a reduction of the proceeds allocated to issued capital and warrants on a prorata basis.

Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Company may enter into flow-through share agreements whereby the Company agrees to transfer the rights to income tax deductions related to exploration expenditures to the flow-through shareholders. The premium, if any, paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issuance is excluded from share capital and recorded as a flow-through share premium liability on the balance sheet statement. The Company reduces its flow-through share premium on renunciation.

When the Company fulfills its obligation to pass on the tax deduction to the shareholders, the amount recorded as unrenounced flow-through share premium is recognized as deferred income taxes in the statement of operations and a deferred tax liability is recognized for the temporary tax difference. If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, which is the method used by the Company, the obligation is fulfilled when the paperwork to renounce is filed.

Stock-based Compensation

The Company offers a share option plan. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black-Scholes option pricing model. Compensation expense is recognized as a charge to net loss or mineral property and related deferred costs over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to capital stock. The contributed surplus resulting from stock-based payment is transferred to capital stock when the options are exercised.

For equity settled transactions with non-employees, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case, the Company measures their value by reference to the fair value of the equity instruments granted.

Earnings (Loss) per Share

Basic earnings (loss) per share amounts are calculated by dividing net profit (loss) for the period attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. The options and warrants of the Company are anti-dilutive as of December 31, 2018 and 2017.

Segmental Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed and evaluated by the chief operating decision maker.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

Environment Rehabilitation Provision

The Company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. No environmental rehabilitation provision is recorded by the Company as at December 31, 2018 and 2017.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounting Standards Issued but not yet Effective

At the date of authorization of these financial statements, the IASB has issued the following interpretation which is not yet effective for the relevant reporting period.

IFRIC 23 *Uncertainty over income tax treatments* was issued by the IASB in June 2017. The interpretation provides guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authority will accept the Company's tax treatment. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. The Company considers that its application would not have any effect in the financial statements.

3. **ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in compliance with IFRS requires the Company’s management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company’s assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following items:

Impairment in mineral properties and related deferred costs - Management uses significant judgment in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

Debt modification - From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Stock-based compensation, warrants and derivative liabilities - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments, warrants and derivative liabilities. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield.

Flow-through shares – The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a liability. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

(EXPRESSED IN CANADIAN DOLLARS)

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Deferred income taxes - In assessing the probability of realizing deferred income taxes, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred taxes. The Company reassesses unrecognized income tax at each reporting period.

Equity vs. Liability - The Company makes estimates and utilizes assumptions in determining whether warrants issued by the Company as part of a unit should be classified as an equity instrument or a liability.

Going Concern - The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

4. CASH AND CASH EQUIVALENTS

The balances are comprised as follows:

	December 31, 2018	December 31, 2017
Cash	**$ 2,352,024**	$ 4,594,986
Cashable GIC	**47,500**	60,000
	$ 2,399,524	$ 4,654,986

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

The balances are comprised as follows:

	December 31, 2018	December 31, 2017
Advances to consultants	**$ 14,910**	$ 240,605
Prepaid expenses and other advances	**113,227**	170,361
Harmonized sales tax	**188,625**	165,895
Due from Laramide Resources Ltd. (Note 14)	**11,105**	-
Due from Forrester Metals Inc. (Note 14)	**-**	8,046
	$ 327,867	$ 584,907

(EXPRESSED IN CANADIAN DOLLARS)

6. INVESTMENTS

The Company's investments in shares are classified as fair value through other comprehensive income ("FVTOCI") and are carried at fair value. The balance is comprised of the following:

	Number of Shares	**December 31, 2018**	Number of Shares	December 31, 2017
Zinc One Resources Inc. - Shares (i)	**552,036**	**$ 38,643**	552,036	$ 237,375
Goldgroup Mining Inc. - Shares	**377,775**	**17,000**	377,775	18,889
Millrock Resources Inc. - Shares	**217,778**	**23,956**	217,778	60,978
Total FVTOCI investments		**79,599**		317,242

(i) In June 2017, Zinc One Resources Inc. ("Zinc One") acquired all of the issued and outstanding shares of Forrester Metals Inc. ("Forrester"); as a result of this transaction each shareholder of Forrester received one share of Zinc One for every 5.5 shares of Forrester. The Company had 3,036,200 shares of Forrester at the date of that transaction and exchanged them for 552,036 shares of Zinc One.

7. PROPERTY AND EQUIPMENT

Cost	Land	Building	Furniture and equipment	Vehicles (i)	Total
At January 1, 2018	$1,456,092	$1,061,062	$ 162,047	$ 125,107	$2,804,308
Additions	-	-	2,936	18,074	21,010
At December 31, 2018	**$1,456,092**	**$1,061,062**	**$ 164,983**	**$ 143,181**	**$2,825,318**
Accumulated amortization					
At January 1, 2018	$ -	$ (232,160)	$(111,477)	$ (125,107)	$ (468,744)
Amortization for the year	-	(33,152)	(10,711)	-	(43,863)
At December 31, 2018	**$ -**	**$ (265,312)**	**$(122,188)**	**$ (125,107)**	**$ (512,607)**
Net book value at December 31, 2018	**$1,456,092**	**$ 795,750**	**$ 42,795**	**$ 18,074**	**$ 2,312,711**

(EXPRESSED IN CANADIAN DOLLARS)

7. **PROPERTY AND EQUIPMENT** (Continued)

(i) At December 31, 2018, includes the fair value of the right-of-use a leased vehicle as per IFRS 16, see note 10.

Cost	Land	Building	Furniture and equipment	Vehicles	Total
At January 1, 2017	$ 1,456,092	$ 1,061,062	$ 147,075	$ 125,107	$ 2,789,336
Additions	-	-	14,972	-	14,972
At December 31, 2017	**$ 1,456,092**	**$ 1,061,062**	**$ 162,047**	**$ 125,107**	**$ 2,804,308**
Accumulated amortization					
At January 1, 2017	$ -	$ (197,624)	$ (97,787)	$ (125,107)	$ (420,518)
Amortization for the year	-	(34,536)	(13,690)	-	(48,226)
At December 31, 2017	**$ -**	**$ (232,160)**	**$ (111,477)**	**$ (125,107)**	**$ (468,744)**
Net book value at December 31, 2017	**$ 1,456,092**	**$ 828,902**	**$ 50,570**	**$ -**	**$ 2,335,564**

8. **MINERAL PROPERTIES AND RELATED DEFERRED COSTS**

As at December 31, 2018 and 2017, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance January 1, 2018	Additions net of recoveries (i)	**Balance December 31, 2018**
Goliath Gold Project	$ 65,573,213	$ 6,331,114	**$ 71,904,327**
Weebigee Project	3,861,132	(143,503)	**3,717,629**
Lara Polymetallic Project - BC	856,329	25,676	**882,005**
	$ 70,290,674	**$ 6,213,287**	**$ 76,503,961**

	Balance January 1, 2017	Additions net of recoveries (i)	Balance December 31, 2017
Goliath Gold Project	$ 60,710,377	$ 4,862,836	$ 65,573,213
Weebigee Project	3,990,179	(129,047)	3,861,132
Lara Polymetallic Project - BC	666,124	190,205	856,329
	$ 65,366,680	**$ 4,923,994**	**$ 70,290,674**

(i) In the years 2018 and 2017, $250,000 and $150,000, respectively, were received as per the option agreement with GPM which were credited to the cost of the Weebigee project. More detail is described below in the Weebigee Project section.

8. **MINERAL PROPERTIES AND RELATED DEFERRED COSTS** (Continued)

Goliath Gold Project

The Goliath Gold Project is located in the Kenora Mining Division in north-western Ontario, 20 km east of the City of Dryden and 325 km northwest of the port City of Thunder Bay.

The Goliath Gold Project, prior to claim conversion as part of the third phase of the Ontario Ministry of Northern Development and Mines' Mining Act Modernization process, consisted of 126 contiguous unpatented mining claims and 23 patented land parcels. The Company converted 11 mining claims into 3 mining leases during 2016 resulting in the decrease of the mining claims from 137 to 126. Post conversion, the project consists of 240 single cell mining claims and 30 boundary cell mining claims. Patented land and mining leases remain unaffected by the claim conversion process. The total area of the project is approximately 5,049 hectares (~50 km2) covering portions of Hartman and Zealand townships. The project comprises three historic properties which are now consolidated into one property: the larger Thunder Lake Property, purchased from Teck Resources ("Teck") and Corona Gold Corporation ("Corona") and the Laramide Property, transferred to the Company from Laramide Resources Ltd. ("Laramide"). The project area has been expanded from its original size through additional claim staking and land purchases/options. Certain underlying royalties and payment obligations remain on 13 of the 23 patented land parcels totaling approximately $105,000 per year.

On October 21, 2014, the Company filed its Environmental Impact Statement ("EIS") with the Canadian Environmental Assessment Agency ("CEAA") and on April 25, 2015, the CEAA confirmed that the EIS conforms to its guidelines. As a result, the Project moved into the public comment period and technical reviews by various federal agencies.

On June 30, 2015, CEAA submitted a series of Information Requests and comments back to the Company stemming from the public comment period and CEAA's own technical review process of the EIS. The Company and its consultants completed a draft submission of the Information Requests. Subsequently, a substantial body of technical work necessary for a formal submission of the Information Requests including a revised EIS document was submitted to CEAA in September 2017.

On May 14, 2018, Treasury Metals announced as part of the mine permitting process, the Company formally submitted responses to the Information Requests along with a revised Environmental Impact Statement ("EIS") to the Canadian Environmental Assessment Agency ("CEAA"). On May 11, 2018, CEAA confirmed the EIS meets their completeness requirements to move onto the technical review of the documentation. This acceptance means the EIS is undergoing formal review by CEAA and the Goliath Gold Project is now within the legislated timeline period for the completion of Federal Environmental Assessments with approximately 34 weeks remaining of Government review time. Subsequent to this technical review, as a normal part of the EA process on July 6, 2018 CEAA returned a further series of comments and questions as part of the 2nd round of Information Requests (IR#2). The IR#2 paused the legislated timeline for EA completion at approximately 26 weeks remaining of government time to complete the review and issue a decision notice. As of December 31, 2018 the timeline remains paused at approximately 26 weeks.

In 2016 and 2017, the Company was engaged in a drilling program to convert the underground "Inferred" category resources to the "Indicated" category within the main resource area. At December 31, 2016 a 12,000 metre drilling was completed. In 2017, a 15,000 metre exploration drill program commenced in the main zone resource area. In October 2017, the Company announced results of a 4,360 metre condemnation and exploration drilling program.

On October 17, 2018 the Company provided an updated National Instrument 43-101 Mineral Resource Estimate on Goliath Gold Project. The 2018 Mineral Resource Estimate is an update to the NI 43-101 Mineral Resource Estimate previously released on August 28, 2015.

8. **MINERAL PROPERTIES AND RELATED DEFERRED COSTS** (Continued)

An updated Preliminary Economic Assessment ("PEA") was completed and the results announced in March 2017.

The Goliath Gold Project comprises three underlying properties: the Laramide Property, Thunder Lake Property and the Brisson Property.

Laramide Property, Ontario

In 2007, the Company acquired from Laramide Resources Ltd., a related party company, a 100% interest in certain parcels of land, including surface and mineral rights totaling 411 acres in 3 patented land parcels, located in Zealand Township near Dryden, Ontario (collectively the “Laramide Property”). This interest is subject to a 2.0 - 2.5% net smelter returns ("NSR") retained by the owners.

Thunder Lake Property, Ontario

In 2007, the Company and Laramide Resources Ltd. finalized and signed an agreement pursuant to which, Treasury Metals purchased 100% of Corona’s and Teck’s respective interests in the Thunder Lake West, Thunder Lake East and certain adjacent properties in and around Dryden, Ontario (collectively the “Thunder Lake Property”).

Brisson Property, Ontario

In December 2009, the Company acquired a 100% interest in certain parcels of land in the District of Kenora. Under the terms of the agreement, the Company made option payments totaling $100,000 and issued common shares of the Company equal to $100,000 based on the market price at the date of issue.

Lara Polymetallic Project, British Columbia

In 2007, the Company acquired from Laramide Resources Ltd. a 100% interest in the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The Lara Polymetallic Project comprises 59 mineral claims covering approximately 6,392 hectares (~64 km2) at December 31, 2018.

The Company is committed to a 1.0% NSR, held by Argus Metals Corp. (formerly Bluerock Resources Ltd) on 8 of the mineral claims, historically known as the Chemainus claims, located on Vancouver Island.

In early 2011 the annual mining leases on a significant portion of the property were not renewed. As a consequence, the estimated non-recoverable costs associated with this project were written off in 2010. At present, the Company has renewed the mining leases of the most significant areas of this property. The expenditures are mainly related to the property renewals; there was no work done on the property.

Goldeye Explorations

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited ("Goldeye") a public company that holds certain properties.

Goldeye consists of three projects, the Weebigee Project, Sandy Lake, the West Shining Tree Project, Larder Lake Mining Division, Ontario, and the Gold Rock Project, Kenora Mining Division, Ontario. Also included in Goldeye are NSR interests in Sonia-Puma NSR, Region V, Chile; McFaulds Lake NSR, Thunder Bay Mining Division, Ontario; and MacMurchy Township NSR, Larder Lake Mining Division, Ontario

8. **MINERAL PROPERTIES AND RELATED DEFERRED COSTS** (Continued)

The principal asset of Goldeye was the Weebigee Project in Northwestern Ontario and all of the consideration paid in the Goldeye's acquisition was allocated to the Weebigee Project. The Company decided not to renew the Van Hise Project claims which expired in July 2017. Van Hise was not considered a strategic nor valuable project at the time of the Goldeye acquisition transaction; therefore, no charge to operations has been recorded by the Company.

Weebigee Project

The Weebigee Project is located near Sandy Lake, north of Red Lake in Northwestern Ontario. The Company holds a 100% interest in the property through its wholly owned subsidiary Goldeye, which comprises 225 claims. Certain claims are subject to a 2% net smelter return ("NSR") that is held by a former director of Goldeye. On November 12, 2013, the Company entered into an exploration agreement with Sandy Lake First Nations ("SLFN") with respect to the Company's exploration of the Weebigee Project. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014 and again on November 12, 2016 and in November 15, 2018 was renewed for a further one year All claims are in good standing until 2019 or later.

On April 15, 2015, Goldeye entered into an option agreement (the "GPM Option Agreement") with GPM Metals Inc. ("GPM") whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of $550,000 in cash ($50,000, $100,000, $150,000 and $250,000 received in 2015, 2016, 2017 and 2018, respectively) and $25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of $5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM's option, paying Goldeye an additional $1,500,000 in cash and completing a minimum additional $3,000,000 in exploration expenditures over the next two years. This option agreement is subject to the terms of the exploration agreement signed between Goldeye and GPM on November 12, 2013. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc. ("SLG").

Subsequent to the acquisition of Goldeye, issues arising from the Option Agreement went through an arbitration process which resulted in a decision that a Force Majeure event had occurred and therefore the first year's expenditure deadline was extended, that the first year's expenditure requirement was met, and that Goldeye had not met the conditions to participate in specific additional property purchases (See Note 19).

During the course of the above-described arbitration, SLG brought a counterclaim against Goldeye for $2,000,000 plus pre-judgment and post-judgment interest and costs on a full indemnity basis for breach of contract, including breach of certain representations, warranties, and covenants. No further steps have been taken by SLG to advance the counterclaim so full discovery has not yet taken place.

Gold Rock Project, Kenora Mining Division, Ontario

The Company's 100% owned Gold Rock Project is located near Dryden, Ontario and comprises two properties, the Gold Rock property, consisting of 20 claims and the Thunder Cloud property consisting of 1 claim. All claims at the Gold Rock Project are in good standing until November 2018 with the exception of the claim at Thunder Cloud property, which is in good standing until August 2019.

West Shining Tree Project – Larder Lake Mining Division, Ontario

The West Shining Tree Project consists of 53 claims in Fawcett, Leonard, MacMurchy and Tyrell townships, near Timmins in Northeastern Ontario. 52 of the claims are 100% owned by Goldeye and 1 claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until December 2019. The property is subject to NSR ranging from 2% to 3% on certain claims in this area.

(EXPRESSED IN CANADIAN DOLLARS)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balances are comprised as follows:

	December 31, 2018	December 31, 2017
Trade accounts payable	**$ 587,761**	$ 911,391
Accrued liabilities	**274,814**	424,208
Provision for legal and arbitration costs (Note 19)	**926,960**	-
Taxes and payroll deductions payable	**23,406**	19,310
Due to Laramide Resources Ltd. (Note 14)	**-**	9,209
	$ 1,812,941	$ 1,364,118

10. LONG-TERM DEBT

The present value of the long-term debt at December 31, 2018 and 2017 is as follows:

	Convertible Debt Tranche 1 (i)	Convertible Debt Tranche 2	Mortgage and lease payable	**Total Debt December 31, 2018**
Loan amount	$ -	$ 5,960,145	$ 70,351	**$ 6,030,496**
Unaccreted amount	-	(1,427,143)	(5,558)	**(1,432,701)**
Carrying value of the debt	-	4,533,002	64,793	**4,597,795**
Current portion of the debt	-	-	(32,405)	**(32,405)**
Long-term debt	**$ -**	**$ 4,533,002**	**$ 32,388**	**$ 4,565,390**

(i) On November 30, 2018, the balance of the Tranche 1 debt owed to Loinette was fully repaid by Extract (debtor of Tranche 2); such balance was added to the debt owed by the Company to Extract. See more detail of the transactions in the convertible debt section below.

	Convertible Debt Tranche 1	Convertible Debt Tranche 2	Mortgage	Total Debt December 31, 2017
Loan amount	$ 2,759,900	$ 2,759,900	$ 71,897	$ 5,591,697
Unaccreted amount	(339,327)	(339,327)	-	(678,654)
Carrying value of the debt	2,420,573	2,420,573	71,897	4,913,043
Current portion of the debt	-	-	(23,615)	(23,615)
Long-term debt	**$ 2,420,573**	**$ 2,420,573**	**$ 48,282**	**$ 4,889,428**

Convertible Debt

On June 17, 2016, the Company closed a long-term loan agreement for US$4.4 million (CAD$5.9 million) with Loinette Company Leasing Ltd. ("Loinette" or "Tranche 1") and Extract Lending LLC and Extract Capital Master Fund Ltd. ("Extract" or "Tranche 2"). Loinette and Extract each contributed US$2.2 million (CAD$2.95 million) of the loan. The proceeds were used in the repayment of the existing RMB Resources Inc. ("RMB") loan, the advancing of the Goliath Gold Project, and for general corporate purposes.

The terms set out in the loan agreement were as follows:

10. **LONG-TERM DEBT** (Continued)

- Maturity 15 months from the closing date.

- The Extract portion of the loan may be converted at Extract's option, in part or in full, at any time, into common shares of the Company at $0.588 per share.

- The annual interest rate on the Extract portion is the 12-month LIBOR plus 8.5% and on the Loinette portion is the 12-month LIBOR plus 9%. Minimum LIBOR is set at 2%. The interest is payable monthly, in arrears.

- The Facility is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath Gold Project property, land, and mining claims in Kenora.

- An arrangement fee of US$175,000 (CAD$225,365) was paid from the proceeds on the closing date.

- The Company issued 220,000 common shares of the Company to the lenders.

- Extract received 250,000 warrants with an exercise price of CAD$0.94 per common share valid for three years.

- The Company assigned to the lenders 3.0 million warrants previously owned by RMB which were subsequently extended by 12 months from their initial maturity. As a result of their expiry date extension, the fair value of the warrants has increased by $532,500 which was included as transaction cost of financing.

- The Company will provide the lenders a production fee of US$10 (CAD$13.43) per each ounce of gold and US$0.125 (CAD$0.17) per each ounce of silver produced from the Goliath Project ("Production Fee"). The Company shall have the option to repurchase the Production Fee. The repurchase price varies from US$750,000 (CAD$1,007,025) if the loan is repaid after six months from the closing date and on or before the maturity date, or US$1.0 million (CAD$1.34 million) if the loan is repaid after the maturity date. Notwithstanding the forgoing, during the first nine months of the term loan, the Company had the option to repurchase the Production Fee for US$350,000 while any indebtedness remains outstanding under the term loan. In the first quarter of 2017 the Company repurchased the Production Fee for US$350,000 (CAD$470,783) which has been capitalized in the mineral properties and related deferred costs account.

On June 7, 2017, a loan extension agreement was closed extending the maturity of both tranches to April 2, 2019, from September 20, 2017. Pursuant to the terms of the extension, US$2.2 million (CAD$2.8 million) of the Tranche 1 loan is convertible, at the election of the lenders, into common shares of the Company at a conversion price fixed at CAD$0.90 per common share. Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 1 has been reduced to LIBOR (minimum 200 basis points) plus 6.5% from 9%.

The Tranche 2 principal amount of US$2.2 million (CAD$2.8 million) of the term loan continues to be convertible into common shares at a price equal to CAD$0.588 per common share and have no further amendments.

As consideration for entering into the loan extension, the Company paid the lenders the following:

(a) a total extension fee of US$88,000 (CAD$118,730) for both tranches in consideration for an extension to the maturity date,

(b) US$14,000 (CAD$18,889) for Tranche 1 loan in connection with the reduction to the applicable interest rate; and

(c) issue to the lenders of both tranches an aggregate of 1 million common share purchase warrants, entitling the lenders to purchase common shares as set out below:

(EXPRESSED IN CANADIAN DOLLARS)

10. **LONG-TERM DEBT** (Continued)

- Issuance an aggregate of 300,000 warrants on the closing date for a period of 3 years, to purchase a common share at an exercise price of the lesser of CAD$0.75 per share or 20% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance;
- Issuance an aggregate of 400,000 warrants on the closing date for a period of 3 years, to purchase a common share at an exercise price of the lesser of CAD$0.80 per share or 35% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance; and
- Issuance an aggregate of 300,000 warrants on the closing date for a period of 18 months, to purchase a common share at an exercise price of CAD$0.77 per share.

On November 30, 2018, a loan extension agreement was closed extending the maturity to November 30, 2021. Pursuant to the terms of the extension, US$2.2 million (CAD$3.0 million) of the Tranche 1 loan was repaid by Extract to Loinette; therefore, the total debt of USD$4.4 million (CAD$6.0 million) is entirely owed to Extract; also, the conversion price of the share has been fixed to $0.36.

As consideration, the Company paid to Extract an extension fee of US$110,000 (CAD$150,062) and issued 600,000 warrants entitling Extract to purchase common shares at an exercise price of $0.40 per share for a three-year term.

Activity of the financial instrument - Tranche 1	**December 31, 2018**	December 31, 2017
Beginning balance - Debt portion	**$ 2,420,573**	$ 2,612,041
Beginning balance - Convertible portion	**326,036**	-
Carrying value of financial instruments (i)	**2,746,609**	2,612,041
Amortized transaction costs	**-**	212,963
Accretion	**218,318**	-
Changes in FV	**(326,036)**	-
Foreign exchange adjustment	**152,343**	14,718
Carrying value prior to amendment	**2,791,234**	2,839,722
Loss on extinguishment (ii)	**56,828**	331,720
Fair value of new debt instrument	**2,848,062**	3,171,442
Accretion	**-**	122,499
Changes in fair value	**-**	(372,237)
Foreign exchange adjustment	**-**	(175,095)
Debt balance transferred to Tranche 2	**(2,848,062)**	-
Financial instrument - Tranche 1	**$ -**	**$ 2,746,609**

10. **LONG-TERM DEBT** (Continued)

Activity of the financial instrument - Tranche 2	**December 31, 2018**	December 31, 2017
Beginning balance - Debt portion	**$ 2,420,573**	$ 2,148,581
Beginning balance - Convertible portion	**907,743**	887,000
Carrying value of financial instruments (i)	**3,328,316**	3,035,581
Amortized transaction costs	**-**	225,050
Accretion	**218,301**	261,846
Changes in fair value	**(907,743)**	(128,757)
Foreign exchange adjustment	**152,360**	15,285
Carrying value prior to amendment	**2,791,234**	3,409,005
Debt balance transferred from tranche 1	**2,848,062**	-
Loss on extinguishment (ii)	**56,130**	559,676
Fair value of new debt instrument	**5,695,426**	3,968,681
Accretion	**41,452**	122,499
Changes in fair value	**458,357**	(587,767)
Foreign exchange adjustment	**113,623**	(175,097)
Financial instrument - Tranche 2	**$ 6,308,858**	**$ 3,328,316**

(i) The financial instrument is composed of the debt and convertible portions for Tranches 1 and 2.

(ii) Does not include transaction costs incurred on amendment of $186,189 (2017 - $420,238).

Under IFRS the amendments are considered to be an extinguishment of debt, and accordingly the new debt instruments were recorded at fair value on the amendment dates.

The fair value of the debt component upon issuance at November 30, 2018 was USD$3,419,182 ($4.5 million) based on a market borrowing rate of 19.31%

Due to the loan being denominated in U.S. dollars, the conversion feature has been presented as a derivative liability, and upon issuance was assigned a fair value of $1,184,353 using the Black-Scholes option pricing model with the following assumptions: share price $0.24, dividend yield 0%, expected volatility, based on historical volatility of 61.73%, a risk free interest rate of 1.5% and an expected life of 3 years. The cash and non-cash transaction costs were expensed through profit and loss. The effective interest rate of the debt is 18.5% (2017 - 18.5%).

As at December 31, 2018, the derivative liability of the debt was assigned a fair value of $1,775,856 (2017 - $1,238,478) using the Black-Scholes option pricing model with the following assumptions: share price $0.30 (2017 - $0.62), dividend yield 0%, expected volatility, based on historical volatility 65.95% (2017 - 65.29%), a risk free interest rate of 1.5% (2017 - 1.68%) and an expected life of 35 months (2017 - 15 months). The fair value gain in 2018 of $775,423 (2017 - $960,104) has been recognized in the statements of operations.

(EXPRESSED IN CANADIAN DOLLARS)

10. **LONG-TERM DEBT** (Continued)

Lease agreement

		December 31, 2018
Lease payable	$	23,632
Unamortized discount		(5,558)
Fair value of the lease payable		18,074
Current portion of the lease payable		(7,952)
Long-term portion of the lease payable	**$**	**10,122**

During the year, the Company signed a four-year lease agreement for a vehicle used at the Goliath Project. At December 31, 2018 the Company is committed to pay $23,632 through monthly payments until the end of the lease agreement in August 2021. Under IFRS 16, the Company recorded the payable at fair value based on incremental borrowing rate of 20.41%.

Mortgage

		December 31, 2018		December 31, 2017
Short-term	$	24,453	$	23,615
Long-term		22,266		48,282
	$	46,719	$	71,897

The mortgage is related to a purchase of land and building located on the Goliath Gold Project property for a total of $200,000. The purchase was made in November 2010 consisting of 120 monthly payments with annual interest rate of prime plus 3% expiring in October 2020.

(EXPRESSED IN CANADIAN DOLLARS)

11. CAPITAL STOCK

a) *AUTHORIZED*

Unlimited common shares

b) *ISSUED*

COMMON SHARES	Number of Shares	Stated Value
Balance,January 1, 2017	103,108,383	$ 76,917,364
Units issued for cash in private placements	12,400,000	8,060,000
Flow through private placements	6,350,000	4,254,500
Share issue cash costs	-	(996,107)
Issuance of agent warrants	-	(239,162)
Issuance of warrants	-	(1,042,623)
Stock options and warrants exercised	1,203,115	500,494
Fair value of stock options and warrants exercised	-	164,719
Flow-through shares premium	-	(381,000)
Balance, December 31, 2017	123,061,498	$ 87,238,185
Units issued for cash in private placements	11,904,762	5,000,000
Flow-through private placements	8,348,741	2,254,160
Share issue cash costs	-	(282,790)
Issuance of warrants	-	(1,732,027)
Stock options exercised	1,775,000	621,250
Fair value of stock options exercised	-	188,150
Fair value adjustment of extended warrants	-	(83,911)
Flow-through shares premium	-	(83,487)
Balance, December 31, 2018	145,090,001	$ 93,119,530

Private Placements

On December 17, 2018, the Company closed a private placement for aggregate gross proceeds of $2,254,160 through the issuance of 8,348,741 flow-through common shares at a price of $0.27 per share. The Flow-Through Shares are subject to a four-month hold period. The Company incurred in $144,202 of issue costs regarding this private placement. The proceeds will be used to incur Canadian Exploration Expenses qualified as "flow-through mining expenditures" under the Income Tax Act.

On June 25, 2018, the Company closed a private placement for aggregate gross proceeds of $5,000,000 through the issuance of 11,904,762 units at a price of $0.42 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles his holder to acquire one common share at an exercise price of $0.60 for a period of 60 months from the date of issuance. The proceeds are to be used in the advancement of the Company's Goliath Gold Project and for general working capital purposes. The Company incurred in $138,588 of issue costs regarding this private placement.

11. **CAPITAL STOCK** (Continued)

On December 21, 2017, the Company closed a private placement for aggregate gross proceeds of $4,254,500 through the issuance of 6,350,000 flow-through common shares at a price of $0.67 per flow-through share. The offering was completed through a Syndicate of agents and the flow-through shares are subject to a four-month hold period, which will expire on April 22, 2018. The proceeds from the issuance of flow-through shares will be used to incur Canadian Exploration Expenses, and will qualify as flow-through mining expenditures under the Income Tax Act. The Company paid cash finder's fees of $255,270 and $70,345 of other issue costs. In addition, the Company granted 381,000 compensation options at an exercise price of $0.67 with a fair value of $84,625 using the Black-Scholes option pricing model with the following assumptions: share price $0.61, dividend yield 0%, expected volatility, based on historical volatility 71.41%, a risk free interest rate of 1.04% and an expected life of 2 years.

On May 15, 2017, the Company closed a short-form prospectus offering for aggregate gross proceeds of $8,060,000 through the issuance of 12,400,000 units at a price of $0.65 per unit. Each unit consisted of one common share and one half common share purchase warrant. Each warrant entitles his holder to acquire one common share at an exercise price of $0.95 for a period of 24 months from the date of issuance. The proceeds are to be used in the advancement of the Company's Goliath Gold Project and for general working capital purposes. The Company paid an aggregate cash finder's fees and commissions of $447,388 to certain parties in connection with this financing and $223,104 of other issue costs.

12. **WARRANTS**

In connection with the extension of the debt agreements signed with Extract (Note 10), on November 30, 2018, the Company issued 600,000 warrants exercisable within 36 months at a price of $0.40 per share and were assigned a fair value of $36,127 using the Black-Scholes option pricing model with the following assumptions: share price $0.24, dividend yield 0%, expected volatility, based on historical volatility 58.24%, a risk free interest rate of 1.5% and an expected life of 3 years.

In connection with the private placement (Note 11), on June 25, 2018, the Company issued 11,904,762 warrants exercisable within 60 months at a price of $0.60 per share and were assigned a fair value of $1,732,027 using the Black-Scholes option pricing model with the following assumptions: share price $0.45, dividend yield 0%, expected volatility, based on historical volatility 71.32%, a risk free interest rate of 1.6% and an expected life of 5 years.

In connection with the short-form prospectus offering (Note 11), on May 15, 2017, the Company issued 6,200,000 warrants exercisable within 24 months at a price of $0.95 per share and were assigned a fair value of $1,042,623 using the Black-Scholes option pricing model with the following assumptions: share price $0.66, dividend yield 0%, expected volatility, based on historical volatility 73.64%, a risk free interest rate of 1.03% and an expected life of 2 years.

In connection with the short-form prospectus offering on May 15, 2017, the Company issued 573,575 warrants to certain agents exercisable within 24 months at a price of $0.65 per share and were assigned a fair value of $154,537 using the Black-Scholes option pricing model with the following assumptions: share price $0.66, dividend yield 0%, expected volatility, based on historical volatility 73.64%, a risk free interest rate of 1.03% and an expected life of 2 years.

In connection with the extension of the debt agreements signed with Loinette and Extract (Note 10), on June 7, 2017, the Company executed the following transactions with warrants:

- Issued 300,000 warrants exercisable at a price of $0.75 per share until June 7, 2020. The warrants were assigned a fair value of $95,440 using the Black-Scholes option pricing model with the following assumptions: share price $0.67, dividend yield 0%, expected volatility, based on historical volatility 77.07%, a risk free interest rate of 1.30% and an expected life of 3 years.

(EXPRESSED IN CANADIAN DOLLARS)

12. **WARRANTS** (Continued)

- Issued 400,000 warrants exercisable at a price of $0.80 per share until June 7, 2020. The warrants were assigned a fair value of $118,769 using the Black-Scholes option pricing model with the following assumptions: share price $0.67, dividend yield 0%, expected volatility, based on historical volatility 77.07%, a risk free interest rate of 1.30% and an expected life of 3 years.
- Issued 300,000 warrants exercisable at a price of $0.77 per share until December 7, 2018. The warrants were assigned a fair value of $65,745 using the Black-Scholes option pricing model with the following assumptions: share price $0.67, dividend yield 0%, expected volatility, based on historical volatility 77.07%, a risk free interest rate of 1.30% and an expected life of 1.5 years.

The following table reflects the continuity of warrants:

	Number of Warrants 2018	Number of Warrants 2017	**Weighted Average Exercise Price 2018**	Weighted Average Exercise Price 2017
Balance, at beginning of year	**16,618,770**	9,532,910	**$ 0.74**	$ 0.60
Issued, on private placement units	**11,904,762**	-	**0.60**	-
Issued, on brokered placement (Note 11)	**-**	6,200,000	**-**	0.95
Issued, agent warrants	**-**	573,575	**-**	0.65
Issued, agent warrants	**-**	381,000	**-**	0.67
Issued on debt agreement (Note 10)	**600,000**	-	**0.40**	-
Issued on debt agreement (Note 10)	**-**	300,000	**-**	0.75
Issued on debt agreement (Note 10)	**-**	400,000	**-**	0.80
Issued on debt agreement (Note 10)	**-**	300,000	**-**	0.77
Exercised	**-**	(378,115)	**-**	0.56
Exercised	**-**	(375,000)	**-**	0.35
Expired	**(1,500,000)**	-	**0.40**	-
Expired	**(507,263)**	-	**0.56**	-
Expired	**(351,480)**	-	**0.70**	-
Expired	**(217,000)**	(310,000)	**0.55**	1.00
Expired	**(300,000)**	(5,600)	**0.77**	0.50
Balance December 31	**26,247,789**	16,618,770	**$ 0.69**	$ 0.74

(EXPRESSED IN CANADIAN DOLLARS)

12. **WARRANTS** (Continued)

The issued and outstanding warrants are comprised as follows:

Expiry Date	Type	Warrants at December 31, 2018	Warrants at December 31, 2017	Exercise Price
May 18, 2018 (a)	Warrants	**-**	4,522,147	$ 0.70
May 18, 2019 (a)	Warrants	**4,170,666**	-	$ 0.70
August 18, 2018	Financier warrants	**-**	1,500,000	$ 0.39
September 24, 2018	Warrants	**-**	507,262	$ 0.56
December 7, 2018	Warrants	**-**	300,000	$ 0.77
December 24, 2018	Warrants	**-**	217,000	$ 0.55
January, 13, 2019	Warrants	**212,500**	212,500	$ 0.45
January, 13, 2019	Warrants	**505,286**	505,286	$ 0.55
May 15, 2019	Warrants	**6,200,000**	6,200,000	$ 0.95
May 15, 2019	Agent warrants	**573,575**	573,575	$ 0.65
May 18, 2019	Financier warrants	**750,000**	750,000	$ 0.35
June 17, 2019	Warrants	**250,000**	250,000	$ 0.94
December 21, 2019	Agent warrants	**381,000**	381,000	$ 0.67
June 7, 2020	Warrants	**300,000**	300,000	$ 0.75
June 7, 2020	Warrants	**400,000**	400,000	$ 0.80
June 25, 2023	Warrants	**11,904,762**	-	$ 0.60
November 30, 2021	Financier warrants	**600,000**	-	$ 0.40
		26,247,789	16,618,770	

(a) On April 19, 2018, by Board Resolution the directors approved effective May 11, 2018 the extension of 4,170,666 warrants to May 18, 2019.

The weighted average life of the outstanding warrants at December 31, 2018 is 2.3 years (2017 - 1 year).

13. **STOCK-BASED COMPENSATION**

On September 18, 2018, the Company granted a total of 4,825,000 options to directors, officers, employees and consultants to buy common shares at an exercise price of $0.40 each and expire on September 18, 2020. The stock options vest 50% at the date of granting and the remaining 50% vest on March 18, 2019. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.32, dividend yield 0%, expected volatility 59.32% based on historical volatility, a risk free interest rate of 1.20%, and an expected life of 2 years. As a result, the fair value of the options was estimated at $401,835 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

On June 29, 2017, the Company granted a total of 800,000 options to certain employees and consultants to buy common shares at an exercise price of $0.62 each and expire on June 29, 2020. The stock options vest 33.3% on June 29, 2017 and the remaining 66.7% vest in two equal portions at each anniversary of the date of granting. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.59, dividend yield 0%, expected volatility 76.17% based on historical volatility, a risk free interest rate of 1.35%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $230,415 and will be recognized in the statement of operations over the periods the options vest.

(EXPRESSED IN CANADIAN DOLLARS)

13. **STOCK-BASED COMPENSATION** (Continued)

Treasury Metals has a 10% rolling stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. As at December 31, 2018, the Company has an additional 908,400 (2017 – 5,900,150) options available for issuance under the plan.

During the year ended December 31, 2018, the stock-based compensation charged to mineral properties and related deferred costs amounted $43,019 (2017 - $90,290).

The Company estimates expected life of options and expected volatility based on historical volatility, which may differ from actual outcomes.

Continuity of the unexercised options to purchase common shares is as follows:

	Number of Stock Options 2018	Number of Stock Options 2017	**Weighted Average Exercise Price 2018**	Weighted Average Exercise Price 2017
Balance, at beginning of year	**6,525,933**	6,859,433	**$ 0.52**	$ 0.52
Options granted	**4,825,000**	-	**0.40**	-
Options granted	**-**	800,000	**-**	0.62
Exercised	**(1,775,000)**	(450,000)	**0.35**	0.35
Expired	**(175,000)**	-	**0.38**	-
Expired	**(350,000)**	(475,000)	**0.35**	0.55
Expired	**(125,933)**	-	**0.56**	-
Cancelled	**(2,150,000)**	(100,000)	**0.63**	0.63
Expired	**(1,350,000)**	(20,000)	**0.62**	1.50
Expired	**-**	(40,000)	**-**	0.50
Expired	**-**	(48,500)	**-**	1.00
Balance December 31	**5,425,000**	6,525,933	**$ 0.42**	$ 0.52

The weighted average life of the outstanding options at December 31, 2018 is 1.4 years (2017 - 1 year). The weighted average market value of the shares when the options were exercised in 2018 was $0.42 (2017 - $0.77)

(EXPRESSED IN CANADIAN DOLLARS)

13. **STOCK-BASED COMPENSATION** (Continued)

The outstanding options are comprised as follows:

Grant Date	Expiry Date	Number of Stock Options at December 31, 2018	Number of Stock Options at December 31, 2017	Exercise Price
April 30, 2015	April 30, 2018	-	2,125,000	0.35
June 16, 2015	June 16, 2018	-	175,000	0.38
September 24, 2015	September 24, 2018	-	125,933	0.56
July 19, 2016	October 19, 2018	-	2,150,000	0.63
December 5, 2016	October 19, 2018	-	100,000	0.62
January 16, 2016	January 16, 2019	**150,000**	150,000	0.40
December 5, 2016	December 5, 2019	-	900,000	0.62
June 29, 2017	June 29, 2020	**450,000**	800,000	0.62
September 18, 2018	September 18, 2020	**4,825,000**	-	0.40
		5,425,000	6,525,933	

At December 31, 2018, 3,012,500 of the outstanding options are fully vested and exercisable (2017 - 5,692,600).

14. **RELATED PARTY DISCLOSURES**

Certain corporate entities that are related to the Company's officers and directors provide services to Treasury Metals. At December 31, 2018, there is $11,105 of accounts receivable from Laramide Resources Ltd., (2017 – payable of $9,209), a company that has a director and an officer in common with Treasury Metals. During the year, Laramide charged $194,152 (2017 - $217,071) for office space rent, and other expenditures paid by Laramide on behalf of the Company and the Company charged $28,243 of shared expenditures paid on behalf of Laramide (2017 - $14,406).

At December 31, 2017, there was $8,046 of accounts receivable from Forrester Metals Inc., a former related company that had a former director and former officer and an officer in common with the Company.

Transactions with related parties were conducted in the normal course of operations.

15. **KEY MANAGEMENT COMPENSATION**

Key management includes the Chief Executive Officer, Chief Financial Officer and directors of the Company.

The compensation payable to key management is shown below:

Years ended December 31	2018	2017
Salaries	**$ 495,977**	$ 480,500
Director fees	**128,000**	129,833
Stock-based compensation, at fair value	**181,138**	-
	$ 805,115	$ 610,333

(EXPRESSED IN CANADIAN DOLLARS)

16. **INCOME TAX**

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate of 26.5%. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

		2018		2017
Loss before income taxes	**$**	**(4,761,411)**	$	(4,950,671)
Expected income tax recovery		**(1,261,774)**		(1,311,900)
Stock-based compensation		**65,000**		86,300
Effects of renouncing flow-through expenditures		**1,127,400**		693,900
Other		**160,174**		(107,900)
Flow-through share premium		**(381,000)**		(753,300)
Change in tax benefits not recognized		**40,400**		(306,900)
Income tax recovery reflected in the statement of operations	**$**	**(249,800)**	$	(1,699,800)

The Company's income tax recovery is allocated as follows:

Deferred tax recovery	**$**	**(249,800)**	$	(1,699,800)

The Company's deferred tax assets and liabilities as at December 31, 2018 and 2017:

Deferred income tax assets		**2018**		2017
Undeducted finance costs	**$**	**434,800**	$	507,700
Excess book value of investments		**35,900**		18,700
Excess book value of property and equipment		**107,400**		84,200
Excess book value of derivative liabilities		**435,300**		327,000
Capital losses carried forward		**475,000**		475,000
Non-capital losses carried forward		**5,674,700**		4,563,500
Intangible assets		**185,100**		199,000
	$	**7,348,200**	$	6,175,100
Less: allocated against deferred income tax liabilities	**$**	**(6,729,900)**	$	(5,597,100)
Less: unrecognized deferred tax asset	**$**	**(618,300)**	$	(578,000)
Deferred income tax assets	**$**	**-**	$	-

Deferred income tax liabilities		**2018**		2017
Deferred exploration expenses	**$**	**(8,042,200)**	$	(6,863,600)
Excess tax value on convertible debt	**$**	**(284,900)**	$	(199,500)
Less: reduction due to allocation of applicable deferred income tax assets		**6,729,900**		5,597,100
Net deferred tax liability	**$**	**(1,597,200)**	$	(1,466,000)

(EXPRESSED IN CANADIAN DOLLARS)

16. **INCOME TAX** (Continued)

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

2027	$ 64,600
2028	591,800
2029	173,200
2030	396,000
2031	1,077,700
2032	1,299,500
2033	1,473,600
2034	2,213,800
2035	2,874,600
2036	2,849,300
2037	4,174,400
2038	3,658,900
	$ 20,847,400

17. **COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES**

1) The Company is committed to spend $2,254,160 on Canadian exploration expenses ("CEE") as part of its flow-through funding agreement dated on December 17, 2018. All flow-through spending commitments from previous flow-through financings have been fulfilled.

2) Following an audit commenced by the Canada Revenue Agency (the "CRA") in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013, on March 7, 2018 the Company was advised by the CRA that out of the total of $12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately $1.8 million of CEE to operating expenses and a further approximately $ 2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of $477,726 in connection with the shortfall from the disallowed CEE.

The Company disputes the CRA's proposed re-characterizations of expenses from CEE to either CDE or operating expenses and has filed a Notice of Objection with the CRA. Due to the uncertainty of the final outcome, no liability has been recorded in the consolidated financial statements.

18. **FINANCIAL RISK FACTORS**

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital from two perspectives: its working capital position and its capital stock, warrant, and stock option components of its shareholders' equity.

At December 31, 2018, the Company has a working capital of $882,045 excluding the non-cash unrenounced flow-through share premium liability and derivative liability (2017 - $3,852,070); Capital stock and contributed surplus total $102,742,673 (2017 - $95,062,379).

18. **FINANCIAL RISK FACTORS** (Continued)

To effectively manage the Company's capital requirements, the management has in place a rigorous planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and marketable securities.

At December 31, 2018, the Company expects its capital resources and projected future cash flows from financing to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. At December 31, 2018, there were certain externally imposed capital requirements related to the long term debt, to which the Company is subject and with which the Company was not in compliance. A waiver was obtained to confirm that the Company was not in default on the long-term debt.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2018.

Risk Disclosures

Exposure to credit, interest rate and currency risks arises in the normal course of the Company’s business.

Credit Risk

The Company has cash and cash equivalents balance of $2,399,524 (2017 - $4,654,896) and accounts receivable of $312,957 (2017 - $344,402). 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. There is no significant credit risk with respect of receivables.

Interest Rate Risk

The Company has exposure to interest rate risk since its long-term debt has an interest rate based on 12-month LIBOR, subject to an interest floor.

Market Price Risk

The Company has convertible long-term debt denominated in US Dollars. The convertible feature of this long-term debt has been classified as a derivative liability. Among other variables, the fair value of this derivative liability is affected by changes in the market price of the Company shares.

18. **FINANCIAL RISK FACTORS** (Continued)

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the U.S. dollar, the balance of net monetary liabilities in such currency as of December 31, 2018 is $4,751,323 (2017 - $4,277,072).

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable and its debt. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash and cash equivalents balance of $2,399,524 (2017 - $4,654,896) to settle current liabilities of $1,845,346 (2017 - $2,621,512), excluding the non-cash unrenounced flow-through share premium liability. All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company relies on external financing to generate sufficient operating capital and the management believes it will be able to raise any required funds in the short-term.

Sensitivity Analysis

As at December 31, 2018 and 2017, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible" over a twelve-month period.

i) The Company is exposed to interest rate risk on LIBOR fluctuations for its long-term debt. A variance of 1% in the 12-month LIBOR will affect the annual Company's net comprehensive loss by approximately $60,025.

ii) The Company is exposed to foreign currency risk on fluctuations of balances that are denominated in US currency related to cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive loss by $475,132.

iii) The Company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their December 31, 2018 fair market value positions, the comprehensive loss would have varied by $7,960.

Fair Value Hierarchy

The Company has designated its investments in shares as FVTOCI, which are measured at fair value. The derivative liability is classified as FVTPL and is measured at fair value with unrealized gains or losses reported in the consolidated statement of operations.

Accounts payable and accrued liabilities and the long-term debt are considered as other financial liabilities, which are measured at amortized cost which also approximates fair value. The fair value of long-term debt approximates their carrying amount due to the effective interest rate being close to the market rate.

(EXPRESSED IN CANADIAN DOLLARS)

18. **FINANCIAL RISK FACTORS** (Continued)

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where fair value measurement is required. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and investments approximate their fair value.

December 31, 2018:	Level One	Level Two	Level Three
Investments	$ 79,599	$ -	$ -
Derivative liability	-	(1,775,856)	-
	$ 79,599	$ (1,775,856)	$ -

December 31, 2017:	Level One	Level Two	Level Three
Investments	$ 317,242	$ -	$ -
Derivative liability	-	(1,233,779)	-
	$ 317,242	$ (1,233,779)	$ -

There have been no transfers between levels 1, 2 or 3 during the periods.

19. **SUBSEQUENT EVENT**

On January 16, 2019, the Arbitration Panel appointed to resolve the dispute between Goldeye Explorations Limited and Sandy Lake Gold, as described in Note 8, ruled that Sandy Lake Gold is entitled to costs award of $926,960 (HST included). At December 31, 2018, the Company has recorded the accrual of such expense.