SIENNA RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sienna Resources Inc.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Sienna Resources Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Sienna Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 25, 2018

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	December 31, 2017	December 31, 2016
Current assets		
Cash	$ 203,003	$ 18,618
Receivables – Note 4	25,348	16,086
Prepaid expenses – Note 5	130,857	141,027
Total current assets	359,208	175,731
Non-current assets		
Equipment – Note 7	-	1,880
Investments – Note 6	413,000	413,001
Rent deposit	-	6,475
Exploration and evaluation assets – Note 8	789,797	295,296
Total assets	$ 1,562,005	$ 892,383
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 9 and 13	$ 1, 906,673	$ 1,597,282
Interest payable – Note 10	1,316	1,066
Loans payable – Note 10	45,000	5,000
Total current liabilities	1,952,989	1,603,348
SHAREHOLDERS' DEFICIENCY		
Share capital – Note 11	17,656,593	16,880,593
Reserves – Note 11	2,962,695	2,909,373
Share subscriptions received in advance – Note 19	174,000	-
Accumulated deficit	(21,184,272)	(20,500,931)
Total shareholders' deficiency	(390,984)	(710,965)
Total liabilities and shareholders' deficiency	$ 1,562,005	$ 892,383

Nature and Continuance of Operations (Note 1)
Subsequent Events (Notes 13 and 19)

APPROVED BY THE DIRECTORS:

"John Masters" Director — John Masters

"Jason Gigliotti" Director — Jason Gigliotti

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

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended December 31, 2017	2016
Operating expenses		
Consulting	$ 750	$ 26,500
Depreciation – Note 7	1,880	808
Directors' fees – Note 13	12,500	15,000
Management fees – Note 13	120,000	97,500
Office and miscellaneous	54,356	48,222
Professional fees – Note 13	46,209	35,378
Shareholder information	16,996	13,451
Share-based payments – Notes 11 and 13	53,322	364,860
Transfer agent and filing fees	21,538	39,918
Travel and corporate branding	101,802	149,877
	(429,353)	(791,514)
Interest expense – Note 10	(250)	(251)
Gain on settlement of accounts payable	-	11,228
Write-down of exploration and evaluation assets – Note 8	(253,738)	(53,156)
	(253,987)	(42,179)
Net loss and comprehensive loss for the year	$ (683,341)	$ (833,693)
Loss per share – basic and diluted – Note 12	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted – Note 12	36,347,505	32,764,688

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended December 31, 2017	2016
Operating Activities		
Loss for the year	$ (683,341)	$ (833,693)
Adjustments for non-cash items:		
Accrued interest on loans payable	250	251
Depreciation	1,880	808
Gain on settlement of accounts payable	-	(11,228)
Share-based payments	53,322	364,860
Write-down of exploration and evaluation assets	253,738	53,156
Changes in non-cash working capital items:		
Receivables	(9,262)	34,752
Rent deposit	6,475	-
Prepaid expenses	10,170	(140,160)
Accounts payable and accrued liabilities	297,319	67,652
Cash used in operating activities	(69,449)	(463,602)
Investing Activities		
Exploration and evaluation assets	(1,166)	(34,609)
Cash used in investing activities	(1,166)	(34,609)
Financing Activities		
Proceeds from loans	40,000	17,500
Loan repayment	-	(18,500)
Proceeds from issuance of share capital	41,000	515,375
Share subscriptions received in advance	174,000	-
Cash provided by financing activities	255,000	514,375
Increase in cash during the year	184,385	16,164
Cash, beginning of the year	18,618	2,454
Cash, end of the year	$ 203,003	$ 18,618

Supplemental Disclosure with Respect to Cash Flows (Note 18)

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

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share Capital					
	Number of shares	Amount	Share subscriptions received in advance	Reserves	Accumulated deficit	Total
Balance, December 31, 2015	27,881,382	$ 16,276,255	$ -	$ 2,633,476	$ (19,667,238)	$ (757,507)
Share purchase warrants exercised	7,150,000	357,500	-	-	-	357,500
Stock options exercised	1,045,000	157,875	-	-	-	157,875
Stock options issued	-	-	-	364,860	-	364,860
Transfer of reserves on options exercised	-	88,963	-	(88,963)	-	-
Loss for the year	-	-	-	-	(833,693)	(833,693)
Balance, December 31, 2016	36,076,382	16,880,593	-	2,909,373	(20,500,931)	(710,965)
Share purchase warrants exercised	820,000	41,000	-	-	-	41,000
Stock options issued	-	-	-	53,322	-	53,322
For exploration and evaluation assets	3,000,000	735,000	-	-	-	735,000
Share subscriptions received in advance	-	-	174,000	-	-	174,000
Loss for the year	-	-	-	-	(683,341)	(683,341)
Balance, December 31, 2017	39,896,382	$ 17,656,593	$ 174,000	$ 2,962,695	$ (21,184,272)	$ (390,984)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sienna Resources Inc. (the "Company") was incorporated on March 11, 1983, under the British Columbia Company Act. The Company is an exploration stage public company and is listed on the TSX Venture Exchange ("Exchange"). The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At December 31, 2017, the Company had exploration and evaluation assets located in Canada, Sweden and the USA.

The Company's head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At December 31, 2017, the Company had a working capital deficiency of $1,593,781, had not yet achieved profitable operations and has an accumulated deficit of $21,184,272 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on April 25, 2018.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are initially measured at fair value through profit or loss.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement (continued)

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

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

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Critical accounting judgments

A significant judgment, apart from those involving estimation, include:

- Classification of financial instruments

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company transactions, income and expenses have been eliminated upon consolidation.

2. BASIS OF PREPARATION (continued)

d) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The Company had one wholly-owned subsidiary, Sienna Resources (US) Inc., as of December 31, 2017 and 2016.

e) Functional currency

The functional currency of the Company (and its subsidiary) is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Canadian dollar is also the Company's presentation currency. Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Exploration and evaluation assets (continued)

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

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

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

b) Equipment

Computer and office equipment is carried at cost less accumulated depreciation. The cost of an item of computer and office equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and, where appropriate, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded on a declining balance basis at the rate of 30% per annum. Depreciation is recorded at one-half the rate in the year of acquisition.

Items of computer and office equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate.

c) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Impairment of tangible and intangible assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

d) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

e) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments are measured at cost.

The Company classified its financial assets as follows:

-Cash is classified as FVTPL;
-Investments are classified as AFS; and
-Receivables are classified as loans and receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified into one of two categories:

-Fair value through profit or loss; and

-Other financial liabilities

Fair value though profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category consists of liabilities carried at amortized cost using the effective interest method.

The Company classified its financial liabilities as follows:

-Accounts payable and accrued liabilities, interest payable, and loans payable are classified as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

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

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

f) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Flow-through shares (continued)

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

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

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

h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

i) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of loss and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

j) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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

l) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

The adoption of these new standards are not expected to have a significant impact on the Company's consolidated financial statements.

4. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities, and reimbursements from a public company that shares rent and office expenses.

	December 31, 2017	December 31, 2016
Accounts receivable	$ 15,209	$ 13,446
GST recoverable	10,139	2,640
Total receivables	$ 25,348	$ 16,086

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

5. PREPAIDS

The Company's prepaids are comprised of fees prepaid to vendors of the Company and include the following components:

	December 31, 2017	December 31, 2016
Filing fees	$ 867	$ 1,246
Corporate branding	129,990	139,781
Total prepaids	$ 130,857	$ 141,027

6. INVESTMENTS

The Company's investments consist primarily of an investment in 700,000 common shares of Andora Energy Corporation ("Andora"), a private company in the oil and gas industry in Alberta, Canada. These shares were acquired for consideration of $413,000 and account for 0.7% of Andora's outstanding common shares as of December 31, 2017 and December 31, 2016. The Company's available-for-sale investments are measured at cost which is representative of the fair value of the unlisted Andora common shares. During the year ended December 31, 2017, the Company decided to fully write off its investment in Patch Oilsands Limited Partnership.

	December 31, 2017	December 31, 2016
Patch Oilsands Limited Partnership	$ -	$ 1
Andora Energy Corporation, at cost	413,000	413,000
Total available-for-sale investments	$ 413,000	$ 413,001

7. EQUIPMENT

	Computer and office equipment
Cost, December 31, 2015, 2016 and 2017	$ 38,774
Accumulated depreciation, December 31, 2015	36,086
Depreciation for the year	808
Accumulated depreciation, December 31, 2016	36,894
Depreciation for the year	1,880
Accumulated depreciation, December 31, 2017	$ 38,774
Net book value, December 31, 2016	$ 1,880
Net book value, December 31, 2017	$ -

8. EXPLORATION AND EVALUATION ASSETS

	QB Grand-Vallee N.	QB Lezai Gold	YK White Gold	Nevada Esmeralda Lithium Project	Nevada Clayton Valley Deep Basin Lithium Brine Project	Sweden Slatterberg Cobalt - Nickel - Copper Project	Total
Balance, December 31 2015	$ 241,447	$ 53,156	$ 4,240	$ -	$ -	$ -	$ 298,843
Acquisition costs	-	-	-	7,790	23,609	-	31,399
Deferred exploration expenditures							
Claim maintenance fees	-	-	210	4,500	13,500	-	18,210
Write-down of exploration and evaluation assets	-	(53,156)	-	-	-	-	(53,156)
Balance, December 31, 2016	241,447	-	4,450	12,290	37,109	-	295,296
Acquisition costs	-	-	-	-	-	735,000	735,000
Deferred exploration expenditures							
Claim maintenance fees	-	-	210	-	13,028		13,238
Write-down of exploration and evaluation assets	(241,447)	-	-	(12,290)	-	-	(253,737)
Balance, December 31, 2017	$ -	$ -	$ 4,660	$ -	$ 50,137	$ 735,000	$ 789,797

Title to Mineral Property Interests

Title to exploration and evaluation asset interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Grand-Vallee North Aluminous Clay Prospect, Quebec – Staking

During the years ended December 31, 2011, 2012 and 2013, the Company staked certain claims in the Grand-Vallee North Aluminous Clay Prospect in Quebec for staking costs of $13,018.

During the years ended December 31, 2013 and 2014, the Company decided not to renew certain claims. Prior acquisition costs of $2,209 associated with these lapsed claims were written off as of December 31, 2013.

During the year ended December 31, 2015, the Company decided not to renew certain claims. Prior acquisition costs of $9,863 and exploration costs of $138,333 associated with these lapsed claims were written off.

During the year ended December 31, 2017, the Company decided not to continue with this property and allowed the remaining claims to lapse when they became due. Accordingly, the Company fully wrote off the carrying value of $241,447 during the year.

White Gold, Yukon – Staking

During the year ended December 31, 2009, the Company acquired a 100% interest in certain gold claims in the region of the White and Yukon Rivers for staking costs incurred of $106,896.

The Company decided not to renew certain claims and allowed them to lapse in fiscal 2011. Prior acquisition costs of $30,542 associated with these claims were written off during the year ended December 31, 2011.

During the year ended December 31, 2013, the Company decided not to renew certain other claims and allowed them to lapse as they became due. Prior acquisition costs of $64,823 and exploration costs of $54,706 associated with these claims were written off.

During the year ended December 31, 2015, the Company decided not to renew certain claims and allowed them to lapse as they became due. Prior acquisition costs of $10,908 and exploration costs of $59,613 associated with these claims were written off.

The Company continues to hold a 100% interest in the remaining White Gold claims. As at December 31, 2017, the Company had spent a total of $4,037 in exploration expenditures on the remaining claims of this property.

Esmeralda Lithium Project, Nevada, U.S.A. – Staking

In April 2016, the Company acquired a 100% interest in certain mineral claims of the Esmeralda Lithium Project in Nevada, U.S.A, for staking costs of $7,790.

During the year ended December 31, 2017, the Company decided not to continue with this property. Accordingly, prior acquisition costs of $7,790 and exploration costs of $4,500 were fully written off.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley Deep Basin Lithium Brine Project, Nevada, U.S.A. – Staking

In May 2016, the Company acquired a 100% interest in certain mineral claims of the Clayton Valley Deep Basin Lithium Brine Project in Nevada, U.S.A., for staking costs of $23,609.

As at December 31, 2017, the Company had incurred a total of $26,528 in claim maintenance fees on this property.

Slattberg Cobalt-Nickel-Copper Project, Sweden – Exploration and Option Agreement

In December 2017, the Company entered into an exploration and option agreement (the "Slattberg Agreement") with an arm's length party, a company organized under the laws of Sweden (the "Slattberg Vendor"). Pursuant to the Slattberg Agreement, the Slattberg Vendor granted an option (the "Option") to the Company to acquire the Slattberg Cobalt-Nickel-Copper Project in Sweden. In consideration, the Company is required to issue 3,000,000 common shares to the Slattberg Vendor within five business days upon Exchange approval (issued at a value of $735,000) and spend at least $500,000 in exploration expenditures on or before December 6, 2018, and such exploration expenditures shall include the drilling of at least 750 metres on the project.

Upon exercise of the Option, the Company shall issue to the Slattberg Vendor an additional 3,000,000 common shares.

The Slattberg Project is subject to a 3% net smelter return (NSR) royalty. Within six years of the execution of the Slattberg Agreement, the Company may purchase 0.5% of the NSR royalty for $1,500,000, which is subject to Exchange approval.

From the date of the closing of the exercise of the Option, the Company will use commercially reasonable efforts to raise $3,000,000 for development of the Slattberg Project and other activities. Once the Company has raised that amount, the Company will issue an additional 4,000,000 shares to the Slattberg Vendor, which is subject to Exchange approval.

Lezai Gold Prospect, Quebec – Staking and Option Agreements

i) During the year ended December 31, 2010, the Company acquired a 100% interest in certain gold claims (the “Gold Claims”) for staking costs incurred of $9,880.

ii) On April 8, 2011, the Company entered into an option agreement with an arm’s length party (the “Vendor”) to acquire certain mineral claims (“Brown Claims”) located in the Province of Quebec. The Company was required to pay $15,000 in cash (paid), incur exploration costs of $350,000 ($41,000 incurred) and issue 600,000 common shares (issued at a value of $510,000) in set payments on or before October 7, 2017.

During the year ended December 31, 2012 and 2014, the Company decided not to renew certain Lezai Gold claims and allowed them to lapse when they came due. Prior acquisition costs and exploration costs associated with these lapsed claims were written off.

During the year ended December 31, 2016, the Company decided not to continue with the entire Lezai Gold Prospect and fully wrote off the carrying value in the amount of $53,156.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position are as follows:

	December 31, 2017	December 31, 2016
Trade payables	$ 1,875,659	$ 1,570,468
Accrued liabilities	31,014	26,814
Total payables	$ 1, 906,673	$ 1,597,282

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of their fair value.

10. LOANS PAYABLE

In September 2012, the Company arranged a loan from an arm's length party for a total principal amount of $5,000, bearing 5% interest per annum and due on demand.

During the year ended December 31, 2017, the Company received loan advances totaling $40,000 from a private company controlled by a director of the Company, bearing no interest and due on demand.

As at December 31, 2017, $45,000 (December 31, 2016: $5,000) of principal and $1,316 (December 31, 2016: $1,066) of interest was outstanding relating to the loans.

11. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value
100,000,000 Class A preferred shares, par value $10
100,000,000 Class B preferred shares, par value $50

(a) Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2015 to December 31, 2017:

	Number	Weighted Average Exercise Price
Balance, December 31, 2015	16,386,667	$0.24
Exercised	(7,150,000)	$0.05
Expired	(300,000)	$1.50
Balance, December 31, 2016	8,936,667	$0.35
Exercised	(820,000)	$0.05
Balance, December 31, 2017	8,116,667	$0.38

11. SHARE CAPITAL AND RESERVES (continued)

(a) Share purchase warrants (continued)

At December 31, 2017, the Company had 8,116,667 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
2,836,667	$1.00	April 26, 2018
1,030,000	$0.05	April 11, 2019
4,250,000	$0.05	April 6, 2020
8,116,667		

(b) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from December 31, 2015 to December 31, 2017:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2015	442,000	$1.00
Granted	4,070,000	$0.16
Exercised	(1,045,000)	$0.15
Expired	(2,664,000)	$0.21
Outstanding and exercisable, December 31, 2016	803,000	$0.47
Granted	3,000,000	$0.15
Expired	(3,803,000)	$0.22
Outstanding and exercisable, December 31, 2017	-	$Nil

11. SHARE CAPITAL AND RESERVES (continued)

(b) Share-based payments (continued)

At December 31, 2017, there was no share purchase options outstanding and exercisable.

During the year ended December 31, 2017, nil stock options were exercised.

During the year ended December 31, 2016, 970,000 stock options were exercised at a price of $0.15 per share and 75,000 stock options were exercised at a price of $0.165 per share for total proceeds of $157,875. The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of $88,963.

During the year ended December 31, 2017, the Company granted 3,000,000 stock options with an exercise prices at $0.15 per share and an expiry date at August 6, 2017 (year ended December 31, 2016: 4,070,000 stock options were granted with exercise prices ranging from $0.15 to $0.23 per share and expiry dates ranging from October 19, 2016 to January 11, 2017). The weighted average fair value of the options issued during the year ended December 31, 2017 was estimated at $0.02 per option (year ended December 31, 2016: $0.09) at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Year ended December 31, 2017	Year ended December 31, 2016
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility*	67.7%	225.8%
Weighted average risk-free interest rate	0.7%	0.57%
Weighted average expected term	0.5 years	0.5 years

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the year ended December 31, 2017 were $53,322 (year ended December 31, 2016: $364,860).

12. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Year ended December 31, 2017	2016
Net Loss	$ (683,341)	$ (833,693)
Weighted average number of common shares for the purpose of Basic and diluted loss per share	36,347,505	32,764,688

12. LOSS PER SHARE (continued)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 11) were anti-dilutive for the years ended December 31, 2017 and 2016.

The loss per share for the year ended December 31, 2017 was $0.02 (year ended December 31, 2016: $0.03).

13. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the actions of the Company as a whole. Their remuneration includes the following:

	Year ended December 31, 2017	2016
Directors' fees	$ 12,500	$ 15,000
Management fees	120,000	97,500
Professional fees	12,000	-
Share-based payments *	7,110	88,436
	$ 151,610	$ 200,936

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At December 31, 2017, accounts payable and accrued liabilities include $1,778,556 (December 31, 2016: $1,563,998) payable to a former director and four directors of the Company, a public company with one common director and an officer, and two private companies controlled by a director for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

As outlined in Note 10, during the year ended December 31, 2017, the Company received loan advances totaling $40,000 from a private company controlled by a director of the Company. Subsequent to December 31, 2017, the Company fully repaid these loans.

During the year ended December 31, 2017, the Company reimbursed a public company with a common director and an officer in the amount of $6,066 (year ended December 31, 2016: $18,105) for the services provided by the Chief Financial Officer.

14. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's equipment is located in Canada and its exploration and evaluation assets are distributed by geographic location as follows:

	December 31, 2017	December 31, 2016
Canada	$ 4,660	$ 245,897
Sweden	735,000	-
U.S.A.	50,137	49,399
	$ 789,797	$ 295,296

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	**2016**
Loss for the year	$ (683,341)	$ (833,693)
Expected income tax (recovery)	(178,000)	(217,000)
Change in statutory tax rates and other	(99,000)	10,000
Permanent differences	18,000	98,000
Adjustments to prior years provisions versus statutory tax returns	(15,000)	-
Change in unrecognized deductible temporary differences	274,000	109,000
Total income tax expense (recovery)	$ -	$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's unrecognized deferred tax assets are as follows:

	2017	2016
Deferred Tax Assets		
Exploration and evaluation assets	$ 743,000	$ 641,000
Share issue costs	-	1,000
Capital assets	8,000	7,000
Marketable securities	104,000	100,000
Non-capital losses	1,681,000	1,513,000
Net Unrecognized Deferred Tax Assets	$ 2,536,000	$ 2,262,000

15. INCOME TAXES (continued)

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2017 and 2016 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $6,218,000 and for U.S. tax purposes of approximately $6,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2036.

16. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficiency, which at December 31, 2017 was $390,984 (2016: $710,965).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at December 31, 2017, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2017.

17. FINANCIAL INSTRUMENTS AND RISK

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

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

The fair value of the Company's receivables, accounts payable and accrued liabilities, interest payable, and loans payable approximates their carrying values due to the short term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

17. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at December 31, 2017, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2017, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest expense on loans payable and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2017, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transaction was excluded from the statement of cash flows:

Year ended December 31, 2017:

a) As at December 31, 2017, the Company accrued exploration and evaluation assets of $27,072 in accounts payable and accrued liabilities.

b) The Company issued 3,000,000 common shares valued at $735,000 pursuant to the Slattberg exploration and option agreement.

Year ended December 31, 2016:

c) As at December 31, 2016, the Company accrued exploration and evaluation assets of $15,000 in accounts payable and accrued liabilities.

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the following occurred:

a) The Company granted 3,000,000 incentive stock options to directors, officers and consultants at an exercise price of $0.33 per share for a period of one year.

b) The Company issued 760,000 common shares for share purchase warrants exercised at a price of $0.05 per share.

c) The Company closed a private placement (the "Offering") consisting of 12,500,000 units at $0.20 per share for gross proceeds of $2,500,000, of which $174,000 was received as at December 31, 2017. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share until January 16, 2023. The Company incurred filing fees of $13,879, paid an aggregate finders' fees of $122,160, and issued 610,800 broker warrants (the "Broker Warrants") in connection with the Offering. Each Broker Warrant is exercisable at $0.30 per share into one common share until January 16, 2023.