ANNUAL REPORT

December 31, 2017

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December 31, 2017
(Canadian Funds)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

March 15, 2018

FJORDLAND EXPLORATION INC.
Statements of Financial Position
December 31
(Expressed in Canadian Dollars)

	Note	**2017**	2016
Assets			
Current			
Cash		$ 1,029,097	$ 204,394
Receivables	5	142,277	1,834
Prepaids		20,478	139
		1,191,852	206,367
Project Advance	8(a)	100,000	18,630
Mineral Properties	8	1,752,664	380,833
Deposits	7	84,190	3,050
Equipment	6	1,074	1,502
		$ 3,129,780	$ 610,382
Liabilities			
Current			
Accounts payable and accrued liabilities	9	$ 224,598	$ 20,383
Loans	10, 11	-	203,341
		224,598	223,724
Shareholders' Equity			
Share Capital	12	18,575,365	15,820,888
Share-based Payments Reserve		614,915	308,108
Deficit		(16,285,098)	(15,742,338)
		2,905,182	386,658
		$ 3,129,780	$ 610,382

Nature and continuance of operations *(Note 1)*

Approved and authorized by the Board on March 15, 2018

On behalf of the Board: *"Richard C. Atkinson"* Richard C. Atkinson *"Victor A. Tanaka"* Victor A. Tanaka

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Loss and Comprehensive Loss
For the Years Ended December 31
(Expressed in Canadian Dollars)

	Note		**2017**		2016
General and administrative expenses					
Accounting and audit		$	58,280	$	54,750
Administration fees	10		36,000		36,000
Depreciation	6		428		603
Filing fees			12,497		9,829
Legal fees			16,465		2,516
Marketing			43,575		14,000
Office and printing			9,186		9,692
Rent			19,292		18,683
Share-based compensation	10, 12(c)		331,587		6,142
Transfer agent fees			12,287		6,224
Wages and benefits			935		763
			(540,532)		(159,202)
Operator fees			8,450		-
Property investigation			-		(3,647)
Financing expense and interest on loans payable	10, 11		(14,960)		(35,014)
Reduction of flow-through premium liability			53,000		-
Mineral properties written-down	8		(50,961)		(245,000)
Loss and comprehensive loss for the year		$	(545,003)	$	(442,863)
Basic and diluted loss per share		$	(0.02)	$	(0.02)
Weighted average shares outstanding			28,723,170		19,636,240

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Cash Flows
For the Years Ended December 31
(Expressed in Canadian Dollars)

	2017	2016
Cash provided by (used in):		
Operating activities		
Loss for the year	$ (545,003)	$ (442,863)
Items not affecting cash:		
Depreciation	428	603
Financing expenses and interest on loan payable	14,960	35,014
Share-based compensation	331,587	6,142
Reverse penalty on previous placement	2,400	-
Reduction of flow-through premium liability	(53,000)	-
Mineral properties written-down	50,961	245,000
Net change in non-cash working capital:		
Receivables	(140,443)	(296)
Prepaid expenses	(20,339)	(3)
Project advance	(81,370)	11,293
Accounts payable	6,131	(10,404)
	(433,688)	(155,514)
Investing activities		
Acquisition and exploration costs related to mineral properties	(1,205,708)	(56,703)
Deposits	(81,140)	12,000
	(1,286,848)	(44,703)
Financing activities		
Payment of loans and interest	(218,301)	(29,098)
Shares issued for cash	2,804,365	432,150
Share issuance cost	(40,825)	(5,496)
	2,545,239	397,556
Change in cash	824,703	197,339
Cash position - beginning of year	204,394	7,055
Cash position - end of year	$ 1,029,097	$ 204,394

Income taxes paid	$ -	$ -
Interest paid	$ 18,301	$ 29,098

Supplemental Disclosure with Respect to Cash Flows *(Note 14)*

FJORDLAND EXPLORATION INC.
Statements of Shareholders' Equity
For the Years Ended December 31

(Expressed in Canadian Dollars)

	Share Capital No. of Shares	Share Capital Amount	Share-based Compensation Reserve	Deficit	Total Shareholder's Equity
Balance, December 31, 2015	18,732,083	$15,181,324	$274,876	$(15,299,475)	$156,725
Shares issued for cash					
Private placement, net of issue costs	504,300	246,654	-	-	246,654
Residual value of unit warrants	-	(50,430)	50,430	-	-
Exercise of warrants	500,000	125,000	-	-	125,000
Exercise of options	220,000	55,000	-	-	55,000
Issued for other consideration					
Mineral properties	800,000	240,000	-	-	240,000
Fair value of finder's fee warrants	-	(1,450)	1,450	-	-
Transfer to share capital of exercise of options	-	24,790	(24,790)	-	-
Share-based compensation	-	-	6,142	-	6,142
Loss for the year	-	-	-	(442,863)	(442,863)
Balance, December 31, 2016	**20,756,383**	**15,820,888**	**308,108**	**(15,742,338)**	**386,658**
Shares issued for cash					
Private placements, net of issue costs	24,480,000	2,460,174	-	-	2,460,174
Transfer to share capital on exercise of warrants	-	37,473	(37,473)	-	-
Flow-through share premium	-	(53,000)	-	-	(53,000)
Exercise of warrants	1,776,956	303,366	-	-	303,366
Issued for other consideration					
Mineral properties	200,000	19,000	-	-	19,000
Fair value of finder's fee warrants	-	(29,343)	29,343	-	-
Transfer to share capital on expiry of warrants	-	14,407	(14,407)	-	-
Transfer to deficit on expiry of options	-	-	(2,243)	2,243	
Reverse penalty on previous placement	-	2,400	-	-	2,400
Share-based compensation	-	-	331,587	-	331,587
Loss for the year	-	-	-	(545,003)	(545,003)
Balance, December 31, 2017	**47,213,339**	**$18,575,365**	**$614,915**	**$(16,285,098)**	**$2,905,182**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Fjordland Exploration Inc. (the "Company" or "Fjordland") was incorporated on September 19, 1996 pursuant to the *Company Act* (British Columbia) and the common shares were listed for trading on the TSX Venture Exchange ("Exchange"). The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flow.

The Company's head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

On June 21, 2017, the Company consolidated its share capital on a 5:1 basis. All shares and per share amounts have been restated to reflect the share consolidation.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on March 15, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Consolidation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iii) Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax 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, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

(d) Mineral Properties

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. 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 in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be tested for impairment, then reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, may be subject to unregistered prior agreements, transfers or land claims, or may be non-compliant with regulatory requirements.

(e) Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recognized using the following rates:

Office equipment - 30% declining balance
Furniture and fixtures - 20% declining balance

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(g) Restoration Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(h) Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(i) Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit and loss ("FVTPL") - Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as such. A financial asset is classified as FVTPL if it has been acquired for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. FVTPL assets are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified cash as fair value through profit or loss.

Loans and receivables – Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company classifies its receivables as loans and receivables.

Held-to-maturity investments - 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 less any provision for impairment. Deposits are classified as held-to-maturity.

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

All financial assets except those measured at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company does not hold any financial liabilities as fair-value-through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its accounts payable, accrued liabilities and loans as other financial liabilities.

(i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

(j) Warrants Issued In Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs (Finder's Warrants) are assigned a value based on the Black-Scholes pricing model and included in reserves.

When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Flow-Through Shares

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

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 and recorded to profit or loss.

(m) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. All options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

(n) Segmented information

The Company has one operating segment, mineral acquisition and exploration, and operates in one geographical segment, being Canada.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at December 31, 2017:

i) IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018.

ii) IFRS 9, Financial Instruments (effective date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

iii) IFRS 16, Leases is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

The Company expects these new accounting standards will have no significant impact on the financial statements other than increased note disclosure.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, deposits, accounts payable, accrued liabilities and loans. The fair value of these financial instruments, other than cash, approximates their carrying value, unless otherwise noted. Cash is measured at fair value using level 1 inputs.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company’s cash is held in major Canadian financial institutions. The Company’s receivables consist of GST receivable that is due from a government agency. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements. The Company is exposed to liquidity risk.

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk as it operates in Canada and does not undertake any significant foreign currency transactions.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

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 the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on demand deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed capital restrictions.

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2017	December 31, 2016
GST receivable	$ 142,277	$ 1,834
	$ 142,277	$ 1,834

6. EQUIPMENT

	Furniture and fixtures $	Office equipment $	Total $
Cost			
Balance, December 31, 2015	6,161	42,039	48,200
Additions	-	-	-
Disposals	-	-	-
Balance, December 31, 2016	6,161	42,039	48,200
Additions	-	-	-
Disposals	-	-	
Balance at December 31, 2017	6,161	42,039	48,200
Accumulated depreciation			
Balance, December 31, 2015	5,880	40,215	46,095
Depreciation	56	547	603
Balance, December 31, 2016	5,936	40,762	46,698
Depreciation	45	383	428
Balance December 31, 2017	5,981	41,145	47,126
Carrying amounts			
As at December 31, 2016	$225	$1,277	$1,502
As at December 31, 2017	$180	$ 894	$1,074

7. DEPOSITS

	December 31, 2017	December 31, 2016
Office lease deposit	$ 3,050	$ 3,050
Exploration deposits	81,140	-
	$ 84,190	$ 3,050

8. Mineral Properties

	Milligan West BC.	S Voisey Bay LB	Northwest Athabasca Basin Sask	Total
Cost				
Balance, December 31, 2015	$ -	$318,630	$ -	$318,630
Additions:				
Acquisition costs	-	-	295,961	295,961
Permitting	-	11,242	-	11,242
Mineral properties written-down	-	-	(245,000)	(245,000)
Balance December 31, 2016	-	329,872	$ 50,961	380,833
Additions:				
Acquisition costs	-	42,015	-	42,015
Administration	14,434	17,274	-	31,708
Drilling	131,646	858,289	-	989,935
Geology	46,832	231,763	-	278,595
Geophysics	-	77,371	-	77,371
Geochemical	-	3,168	-	3,168
Mineral properties written down	-	-	(50,961)	(50,961)
Balance, December 31, 2017	$192,912	$1,559,752	$ -	$1,752,664

(a) South Voisey's Bay, Labrador

The Company, in September 2014 as amended November 2014, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey's Bay property.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

The Company, in June 2017, entered into a Letter of Intent ("LOI") with Commander Resources Ltd ("Commander") whereby the Company was granted a series of options to earn an additional 85% undivided interest in the South Voisey's Bay property by incurring the following cash, exploration expenditures and share issuance:

i) 20% interest - 200,000 common shares (issued) and $600,000 (incurred) in exploration expenditures on or before October 31, 2017

ii) 40% interest - $10,000 and 250,000 common shares on or before July 26, 2018
$15,000 and 300,000 common shares on or before July 26, 2019
$25,000 and 350,000 common shares on or before July 26, 2020
$40,000, 400,000 common shares and $2,400,000 in exploration expenditures on or before October 31, 2021

iii) 25% interest - $200,000, 3,000,000 common shares and $5,000,000 in exploration expenditures on or before October 31, 2024.

A 2% net smelter returns royalty ("NSR") will be granted upon exercising the final payment. 1% of the NSR may be repurchased for consideration of $5,000,000. Upon commencement of commercial production, an advanced royalty payment will be made in the amount of $10,000,000.

8. Mineral Properties (continued)

(a) South Voisey's Bay, Labrador (continued)

On September 5, 2017 the Company entered into an agreement with HPX BC Holdings Inc. ("HPX"), an affiliate of Ivanhoe Industries, LLC. Under the terms of the agreement, HPX has subscribed by means of a private placement and has been issued 14,000,000 units of the Company for proceeds of $1,400,000 (Note 12(b)). In addition, HPX has the option to incur, on behalf of the Company, $7,400,000 in exploration expenditures and to make $290,000 of property payments. If the funding is completed and the Company acquires a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

As at December 31, 2017, the Company has earned an additional 20% interest in the property having issued 200,000 common shares and expended $600,000 in exploration cost, and has a total interest earned of 35%.

As at December 31,2017, the Company has advance $100,000 (2016 - $Nil) to an exploration vendor.

HPX may also nominate two directors if they maintain equity ownership of between 10-50%, and three directors if greater than 50%.

HPX also maintains an anti-dilution right, such that they have the right to participate in future financings to maintain their per ratio ownership percentage.

(b) Northwest Athabasca Basin, Saskatchewan

i) In March and May 2016, the Company staked mineral claims in the Northwest Athabasca Basin, Saskatchewan at a cost of $50,961.

ii) On May 20, 2016, the Company entered into an Option Agreement with CanAlaska Uranium Ltd ("CanAlaska"), whereby the Company was granted the option to purchase a 100% interest in two claim groups in the Northwest Athabasca Basin, Saskatchewan.

Under the terms of the agreement the Company issued 4,000,000 shares with a fair value of $240,000, or $0.06 per share and paid $5,000 cash.

In 2017, the Company terminated the option agreement, allowed the claims to lapse and has written-down $50,961 (2016 - $245,000) of acquisition costs.

(c) Milligan West, BC

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims located in north central British Columbia into the Milligan West project. Initially ownership was shared equally however, as a result of the Company electing not to participate in the 2016 exploration program it's interest has been diluted to 43.7%.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2017	December 31, 2016
Trades payables	$ 192,248	$ 4,133
Accruals	22,250	16,250
Related parties payables	10,100	-
	$ 224,598	$ 20,383

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

(a) Loans

On November 30, 2017, the Company repaid the principal of $150,000 and interest of $13,726 (2016 - $21,822) to a corporation with a director in common (Note 11).

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management personnel during the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Administration fees	$ 36,000	$ 36,000
Accounting fees	36,000	36,000
Share-based compensation	179,747	3,898
	$ 251,747	$ 75,898

Amounts due to related parties are included in accounts payable (Note 9), are unsecured and non-interest bearing.

11. Loans

On May 18, 2015, the Company completed loan arrangements by way of promissory notes ("Notes") for total proceeds of $200,000. The Notes matured on May 17, 2016 and bore interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued 800,000 common shares at a total fair value of $40,000, which was amortized and expensed over the term of the loan.

On October 31, 2016, the Company paid interest of $29,098.

The Notes matured on May 17, 2016, and the lenders agreed to extend the date of repayment to November 30, 2017. In all other respects, the terms of the Notes remained unchanged.

11. Loans (continued)

On November 30, 2017, the Company repaid the principal of $200,000 and paid interest of $18,301, (Note 10(a)).

Balance, December 31, 2015	$	197,425
Financing expenses and interest		35,014
Repayment of interest		(29,098)
Balance, December 31, 2016		**203,341**
Financing expenses and interest		14,960
Repayment of loan and interest		(218,301)
Balance, December 31, 2017	$	**-**

12. SHARE CAPITAL

(a) Authorized

As at December 31, 2017 the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

(b) Issued Share Capital

On June 21, 2017, the Company completed a share consolidation on the basis of one new post-consolidation common share for every five pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this consolidation.

On July 24, 2017, the Company issued 200,000 common shares, with a fair value of $19,000 or $0.095 per share as consideration towards the acquisition of mineral property (Note 8(a)).

On August 18, 2017, the Company completed a non-brokered private placement for the issuance of 5,910,000 units at $0.10 per unit (the “Units”) and 1,680 000 Flow-Through Units at $0.125 per unit (“the FT Units”) for a total of $801,000. A flow-through premium of $42,000 was assigned to the flow-through offering. Each Unit and FT Unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until February 18, 2019. The expiry date of each whole warrant is subject to acceleration. The Company paid a finder's fees of $17,000 and issued 80,000 finder's warrants valued at $9,955 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $5,655 in connection with the placement

On September 11, 2017, the Company completed a non-brokered private placement for the issuance of 2,450,000 units at $0.10 per unit (the “Units”) and 440,000 Flow-Through Units at $0.125 per unit (“the FT Units”) for a total of $300,000. A flow-through premium of $11,000 was assigned to the flow-through offering. Each Unit and FT Unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until March 11, 2019. The expiry date of each whole warrant is subject to acceleration. The Company paid a finder's fees of $7,600 and issued 38,000 Finder's Warrants valued at $19,388 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $10,570 in connection with the placement.

12. SHARE CAPITAL

(b) Issued Share Capital (continued)

On September 27, 2017, the Company completed a non-brokered private placement for the issuance of 14,000,000 units at $0.10 per unit (the "Units") for a total of $1,400,000. Each Unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until March 17, 2019. The expiry date of each whole warrant is subject to acceleration.

For the year ended December 31, 2017, the Company issued 1,776,956 common shares on the exercise of warrants for proceeds of $303,366.

On June 6, 2016, the Company issued 800,000 common shares, with a fair value of $240,000 or $0.30 per share as consideration towards the acquisition of mineral property (Note 8(b)).

On September 27, 2016, the Company completed a non-brokered private placement for the issuance of 504,300 units at $0.50 per unit for a total of $252,150. Each unit consisted one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.75 until September 27, 2017. The expiry date of each whole warrant is subject to acceleration. The Company paid a finder's fees of $3,187 and issued 4,800 finder's warrants valued at $1,450 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $5,496 in connection with the placement.

For the year ended December 31, 2016, the Company issued 500,000 common shares on the exercise of warrants for proceeds of $125,000 and issued 220,000 common shares on the exercise of stock options for proceeds of $55,000.

(c) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

In June 2017, the Company received shareholder approval to grant up to 4,151,276 common shares under the Company's Stock Option Plan.

Stock option transactions are summarized as follows:

	December 31, 2017		December 31, 2016	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period	2,229,000	$0.26	2,409,000	$0.25
Granted	1,116,000	$0.52	40,000	$0.625
Exercised	-	-	(220,000)	$0.25
Expired/Forfeited	(40,000)	$0.63	-	-
Outstanding at end of year	3,305,000	$0.34	2,229,000	$0.26

12. SHARE CAPITAL

(c) Stock Options (continued)

As at December 31, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercisable	Expiry Date	Exercise Price
1,270,000	1,270,000	August 2, 2018	$0.25
919,000	919,000	September 16, 2019	$0.25
150,000	150,000	April 10, 2022	$0.35
966,000	241,500	September 12, 2022	$0.55
3,305,000	2,580,500		

The fair value of options on the grant date was $555,559 (2016 - $18,263) or $0.50 (2016 - $0.10) per option. Total share-based compensation expense recognized for the options that vested during the year was $331,587 (2016 - $6,142).

The fair value of the options granted during the year were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	September 12, 2017	April 10, 2017	2016
Expected dividend yield	0.00%	0.00%	0.00%
Expected stock price volatility	292.26%	183.49%	252.87%
Risk-free interest rate	1.70%	1.12%	.57%
Forfeiture rate	0.00%	0.00%	0.00%
Expected life of options	5 year	5 year	1 year

(d) Warrants

Fiscal 2017

On August 15, 2017, the Company received approval to reprice its outstanding warrants.

The warrant terms for the re-priced warrants was amended to include an accelerated expiry clause, as required by Exchange policy, such that the exercise period of the warrants will be reduced to 30 days if for any 10 consecutive trading days during the unexpired term of the warrants the closing price of the Company's shares is $0.19 or more.

The Company, in connection with the private placements dated August 18, 2017, issued warrants allowing the purchase of up to 3,875,000 common shares of which 80,000 relate to Finder's Warrants. All the warrants entitle the holder to purchase one common share at a price of $0.20 expiring on February 18, 2019. The 80,000 Finder's Warrants have a fair value of $9,955 or $0.12 per warrant, based on the Black Scholes option pricing model using the following assumptions: a discount rate of 1.23%, expected life of 1.5 years, expected volatility of 298.12% and dividend and forfeiture rates of 0%.

12. SHARE CAPITAL (continued)

(d) Warrants (continued)

The Company, in connection with the private placements dated September 11, 2017, issued warrants allowing the purchase of up to 1,483,000 common shares of which 38,000 relate to Finder's Warrants. All the warrants entitle the holder to purchase one common share at a price of $0.20 expiring on March 11, 2019. The 38,000 Finder's Warrants have a fair value of $19,388 or $0.51 per warrant, based on the Black Scholes option pricing model using the following assumptions: a discount rate of 1.54%, expected life of 1.5 years, expected volatility of 304.2% and dividend and forfeiture rates of 0%.

The Company, in connection with the private placements dated September 27, 2017, issued warrants allowing the purchase of up to 7,000,00 common shares. All the warrants entitle the holder to purchase one common share at a price of $0.20 expiring on March 17, 2019.

Exercise Price	Expiry Date	Outstanding at December 31, 2016	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2017
$0.15	October 23, 2017	396,460	-	(396,460)	-	-
$0.25	October 23, 2017	303,540	-	(303,540)	-	-
$0.15	October 31, 2017	329,540	-	(329,540)	-	-
$0.25	October 31, 2017	30,460	-	(30,460)	-	-
$0.15	January 6, 2018	317,172	-	(317,172)	-	-
$0.25	January 6, 2018	25,054	-	(25,054)	-	-
$0.15	September 27, 2017	374,730	-	(374,730)	-	-
$0.75	September 27, 2017	134,370	-	-	(134,730)	-
$0.20	February 18, 2019	-	3,875,000	-	-	3,875,000
$0.20	March 11, 2019	-	1,483,000	-	-	1,483,000
$0.20	March 27, 2019	-	7,000,000	-	-	7,000,000
		1,911,326	12,358,000	(1,776,956)	(134,730)	12,358,000
	Weighted average	$0.40	$0.20	$0.17	$0.75	$0.20

Fiscal 2016

The Company, in connection with the private placements dated September 27, 2016, issued warrants allowing the purchase of up 509,100 common shares of which 4,800 relate to Finder's Warrants. All the warrants entitle the holder to purchase one common share at a price of $0.15 expiring on September 27, 2017. The warrants associated with the unit have been valued using the residual value method and have a fair value of $50,430 or $0.02 per warrant. The 4,800 Finder's Warrants have a fair value of $1,450 or $0.06 per warrant, based on the Black Scholes option pricing model using the following assumptions: a discount rate of 0.51%, expected life of 1 year, expected volatility of 266.85% and dividend and forfeiture rates of 0%.

Exercise Price	Expiry Date	Outstanding at December 31, 2015	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2016
$0.25	October 23, 2017	840,000	-	(140,000)	-	700,000
$0.25	October 31, 2017	360,000	-	-	-	360,000
$0.25	January 6, 2018	702,226	-	(360,000)	-	342,226
$0.75	September 27, 2017	-	509,100	-	-	509,100
		1,902,226	509,100	(500,000)	-	1,911,326
	Weighted average	$0.25	$0.75	$0.25	-	$0.40

13. INCOME TAXES

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

	2017	2016
Loss for the year	$(545,003)	$(442,863)
Expected Income tax (recovery)	$(142,000)	$(115,000)
Change in statutory rates and other	(101,000)	(1,000)
Permanent difference	72,000	2,000
Impact of flow-through share	69,000	
Share issue costs	(11,000)	(1,000)
Change in unrecognized deductible temporary differences	113,000	115,000
Total income tax expense (recovery)	$ -	$ -

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

The significant components of the Company's deferred tax assets that have been included on the statements of financial positions are as follows:

	2017	2016
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$1,552,000	$1,677,000
Property and equipment	19,000	18,000
Share issue costs	10,000	2,000
Allowable capital losses	21,000	21,000
Non-capital losses available for future period	1,274,000	1,045,000
	2,876,000	2,763,000
Unrecognized deferred tax assets	(2,876,000)	(2,763,000)
Net deferred tax assets	$ -	$ -

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

	2017	**Expiry Date Range**	**2016**	**Expiry Date Range**
Temporary differences				
Exploration and evaluation assets	$5,477,000	No expiry date	$6,166,000	No expiry date
Investment tax credit	100,000	2027 to 2032	100,000	2027-2032
Property and equipment	69,000	No expiry date	149,000	No expiry date
Share issue costs	38,000	2038 to 2041	8,000	2037 to 2040
Allowable capital losses	81,000	No expiry date	81,000	No expiry date
Non-capital losses available for future period	4,719,000	2026 to 2037	4,019,000	2026 to 2036

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

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2017	2016
Significant non-cash investing and financing activities:		
Investing activities		
Mineral properties expenditures included in accounts payable and accrued liabilities	$ 198,084	$ -
Shares issued for mineral properties	19,000	240,000
Financing activities		
Expiration of options and warrants	$ 16,650	$ -
Fair value of Finder's Warrants	29,343	1,450
Residual value of unit warrants (expired)	(37,473)	50,430
Exercise of options	-	24,790