NEW CAROLIN GOLD CORP.

Form 51-102F1

Management's Discussion and Analysis (MD&A)
of Financial Condition and Results of Operations

For the Year Ended October 31, 2017

Report date: February 27, 2018

Introduction

This Management's discussion and analysis ("MD&A") focuses on significant factors that affected New Carolin Gold Corp.'s performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended October 31, 2017 (the "Financial Report"). The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of the Financial Report. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for an investor to evaluate the Company's development and financial situation.

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The financial statements do not include any adjustments or reclassifications of assets and liabilities which might be necessary if the Company is unable to continue as a going concern. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is February 27, 2018.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.newcarolingold.com.

Qualified Person

Mr. R. Bob Singh, B.Sc., P.Geo, is the Company's Qualified Person for the purposes of National Instrument 43-101 and has verified all technical data as disclosed in this MD&A.

Cautionary Note Regarding Forward-Looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

Readers and investors are referred to the disclosure of Risks and Uncertainties in the Company's Annual MD&A and are cautioned that this description of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements contained in this MD&A or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Description of the Business

The Company was incorporated in the Province of British Columbia in August, 1981 as Module Resources Incorporated. On October 18, 2011, the Company changed its name to New Carolin Gold Corp. and trading symbol to 'LAD'. The Company's common shares trade on the TSX Venture Exchange.

The Company is a reporting issuer in British Columbia and Alberta.

The Company has been engaged in the acquisition of interests in, and the exploration of, mineral properties in British Columbia, Canada. This necessarily involves a high degree of risk related to exploration and the continual need for a source of funds. The Company may mitigate risk by entering into joint venture agreements with others who appear to have the financial resources and technical expertise to contribute to the effective management of projects. The Company may work with other parties in the assembly of land positions in strategic areas. Significant financial commitments are generally required to participate in any major, favorably-evaluated geological prospect. Participation requires funding and the financial flexibility to complete share placements on a timely basis.

The Company owns a 100% interest in the Ladner Gold Project near Hope, BC, situated in the prospective and largely unexplored Coquihalla Gold Belt, on which there are numerous historic gold properties and small gold mines dating back to the early 1900s. The Ladner Gold Project includes the former gold-producing Carolin Mine.

Overview of Significant Events in the Last Twelve Months and Review of Activities to Date

The following is an overview of significant events and a review of activities in the year ended ended October 31, 2017 and up to the date of this MD&A. The principal activities were:

- Raising equity capital through non-brokered private placements;
- Preparation of Phase II drilling program (see *Objectives* below);
- Receipt of a 5-year exploration permit from the BC Ministry of Mines;
- Completion of required underground safety upgrades at the Carolin mine; and
- Consolidating the Company's common shares on a 10 pre-consolidated shares for 1 post-consolidated share basis.

Effective January 16, 2018, the Company completed a share consolidation on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation common share. All periods presented have been retrospectively adjusted to reflect this consolidation.

Ladner Gold Project

During the year ended October 31, 2015, the Company exercised the Tamerlane Option and completed the purchase of a 30% interest in the Ladner Gold Project, making the final payment under an historical option agreement. On closing of the transaction the Company then controlled a 40% interest in the Ladner Gold Project.

On April 13, 2016, the Company completed a transaction with the receiver for Century Mining Corp. ("Receiver"), and acquired the remaining 60% of the Ladner Gold Project. As partial consideration for the transfer of the mining claims and crown grants forming part of the Project, the Company issued 2,488,951 common shares to the Receiver and agreed to grant and pay: 1) a 2% net smelter return royalty on the Project, which may be purchased by the Company in whole or in part at any time prior to the first anniversary of the closing of the transaction for an amount of $2.25 million per percentage point; and 2) an amount equal to 35% of the profits earned and received by the Company from the sale of gold obtained by the Company reprocessing the tailings presently existing on the Project. On completion, the Company has 100% of the legal and beneficial ownership of the 144 square kilometer contiguous land package, which includes the Carolin Mine.

Warkentin Property Option

On February 11, 2016, the Company signed a five-year Warkentin Property Option, whereby the Company can acquire 20 mineral claims covering 30 square kilometers adjacent to the Company's Ladner Gold Project by: 1) paying the Vendor $32,000 in cash up front and a total of $50,000 over five years; 2) spending exploration funds on the property which will factor into the $50,000 acquisition purchase price; and 3) granting the Vendor a 2% NSR, which the Company may purchase for $250,000 for the first 1% and $500,000 for the second 1%.

Summary of Financings and Share Issuances during the Reporting Period and to Date

The following table summarizes share issuances for total cash proceeds of $3,222,967 received during the year ended October 31, 2017 and up to the date of this MD&A from:

- Flow through ("F-T") common share and unit private placements;
- Non-flow through unit private placements; and
- Exercise of common share purchase warrants.

Date	Financing	Shares Issued	Warrants Issued	Warrant Exercise Price	Gross Proceeds
Nov 8 2016	F-T Shares PP @ $0.80	662,500			$530,000
Nov 28 2016	Unit PP at $0.70	138,950	138,950	Yr 1 - $0.70/Yr 2 - $0.90	$97,265
Dec 23 2016	F-T Shares PP @ $0.65	576,923			$375,000
Dec 30 2016	F-T Shares PP @ $0.65	53,842			$34,997
Jan 9 2017	Exercise of Warrants	550,000		$0.50	$275,000
Jan 19 2017	Unit PP at $0.70	587,150	587,150	Yr 1 - $0.70/Yr 2 - $0.90	$411,005
Dec 29 2017	F-T Shares PP @ $0.35	571,429			$200,000
Feb 8 2018	F-T Shares PP @ $0.35	142,000			$49,700
Feb 8 2018	Unit PP at $0.25	5,000,000	2,500,000	$0.35	$1,250,000
Totals		8,282,794	3,226,100		$3,222,967

The following table summarizes other issuances of securities during the year ended October 31, 2017 and up to the date of this MD&A where the Company received no cash proceeds:

- Shares issued to term loan holders for interest payments in lieu of cash;
- Warrants issued to lender in connection with a third-party loan;
- Warrants issued for finder's fees in flow-through and non-flow-through unit private placements;

Date	Comments	Shares Issued	Warrants Issued	Warrant Exercise Price
Nov 8 2016	Finder's Fees	-	37,625	$0.80
Dec 19 2016	Shares issued for debt	943		
Dec 23 2016	Finder's Fees	-	40,385	$0.65
Jan 1 2017	Bonus warrants – loan	-	350,000	$0.60
Jan 19 2017	Finder's Fees	-	45,516	Yr 1 - $0.70/Yr 2 - $0.90
Feb 8 2018	Finder's Fees	-	80,000	$0.35
Totals		943	553,526	

The raising of new equity capital has assisted in advancing its exploration goals. The Company's working capital deficiency of $1,146,431 at October 31, 2016 increased to $1,656,300 at October 31, 2017, which in part is the addition of a recording a decommissioning provision in the amount of $220,000. This liability is offset by a reclamation bond in the same amount, classified as long-term.

Outlook

The Company is primarily focused on its 100%-owned Ladner Gold Project (the "Project") near Hope, BC, and believes that believes that the Carolin Mine has the potential to become a gold producer once again. The Company will continue to evaluate and acquire other properties in proximity to the Project to expand its exploration portfolio in the Coquihalla Gold Belt.

The amount of the Company's exploration expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain funding partners and investor support for its projects. The Company will continue to require additional funding to maintain its ongoing exploration programs, property maintenance payments and operations and administration for the next fiscal year.

Objectives

The Company continues to focus on exploration and development programs to evaluate the Ladner Gold Property to determine future production scenarios.

Continued exploration at the Carolin Mine and other prospective mineralized zones will depend on the availability of funds, and the Company's ability to raise the necessary funds on acceptable terms to carry out these programs. In the year ended October 31, 2017, the Company raised a total of $939,997 in flow through funding, which were subsequently expended on qualified Canadian Exploration Expenditures (CEEs) on the Ladner Gold Project. The Company is carrying out a technical review of the Project to determine the necessary exploration and development work required to advance the current resources on the property.

Phase 1 work program summary:

The Company recently completed its 2016 Phase 1 exploration program, consisting of a 12-hole surface drill program, detailed underground mapping and sampling, and regional geological mapping. The results of the Phase 1 exploration program defined a consistently folded and gold mineralized corridor extending for approximately 6 km. This folded sequence includes the historical Carolin Mine, Idaho, Pipestem and Lorraine Zones. Folding at the Carolin Mine suggests the possibility of repeated or "stacked" mineralized zones.

Initial Phase II Work Program:

The first leg of the Phase II Program now underway is focused on the underground. The Company will complete channel sampling of previously targeted areas, as well as completing detailed geological mapping and surveying underground. The results of the program will assist in targeting stations for underground drilling and updated the 3D geological model. The primary goal of this program is to identify high grade fold hinge domains and assess the possibility of multiple hinge domains or "stacked" gold mineralized zones.

Additional information from both the Phase 1 and Phase 2 programs are available in Company news releases dated from August 1, 2016 to date at www.sedar.com.

A valid mining permit at 1,300 tonnes per day, along with significant infrastructure, including a road and a permitted tailings storage facility, are currently in place at the Ladner Gold Project. The Project has excellent access to power and a potential workforce, as it is 6 kilometers from the Coquihalla Highway and 18 kilometers from the district municipality of Hope, BC.

Selected Annual Information

The following selected financial information is derived from the Company's audited financial statements for the fiscal years ended October 31, 2017, 2016 and 2015. All figures are prepared in accordance with IFRS.

	Year ended October 31, 2017 ($)	Year ended October 31, 2016 ($)	Year ended October 31, 2015 ($)
General expenses	1,176,875	1,479,369	645,498
Other income (expense)	1,938	141,998	32,502
Loss for the period before tax	1,174,937	1,337,371	612,996
Deferred income tax recovery	-	-	-
Net loss and comprehensive loss	1,174,937	1,337,371	612,996
Loss per share (basic and diluted)	0.07	0.19	0.01
Working capital deficiency	(1,656,300)	(1,146,431)	(1,741,476)
Net cash used in operating activities	(727,704)	(995,583)	(236,378)
Net cash used in investing activities	(1,013,980)	(1,354,036)	(278,839)
Net cash provided by financing activities	1,626,288	2,535,516	543,709
Total assets	8,985,722	7,783,661	4,161,943
Total liabilities	1,836,426	1,498,666	2,192,442

As at October 31, 2017, total assets increased by $1,202,061 to $8,985,722 from $7,783,661 at the end of fiscal 2016, and were $4,161,943 at the end of fiscal 2015 primarily as a result of its investments in its exploration and evaluation assets.

The working capital deficiency increased by $509,869 from October 31, 2016 to October 31, 2017 primarily as a result of the decrease of cash and increase of current trade payables and accrued liabilities on expenditures of its exploration and evaluation assets, as well as recording a decommissioning provision to current liabilities.

Results of Operations

The Company, a resource industry issuer, is currently an exploration stage company and does not have any operations which generate revenues or profits. This situation is expected to continue for the foreseeable future. Furthermore, there can be no assurance that the Company will either achieve or maintain profitability in the future. As a result there exists a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

The following table compares the expenses for years ended October 31, 2017 and 2016:

	2017 $	2016 $
EXPENSES		
Consulting fees	289,600	446,132
Filings and investor relations	224,202	275,230
General and administration	48,036	46,232
Insurance	20,096	5,936
Property investigations	9,809	-
Professional fees	185,510	137,639
Term loans interest and accretion	-	30,912
Loans payable interest and accretion	84,658	2,594
Penalties and other interest expense	-	12,858
Share-based payments	314,964	521,836
Loss Before Other Items	(1,176,875)	(1,479,369)
Other Items		
Gain on settlement of debt	-	140,567
Other income	1,938	1,431
Total Other Items	1,938	141,998
Net and comprehensive loss	(1,174,937)	(1,337,371)
Net loss per share		
Basic and diluted	$ (0.07)	$ (0.19)
Weighted average number of common shares outstanding – basic and diluted	17,780,781	12,377,023

Financial Position and Liquidity

Operating activities

Cash flows used for operating activities was $727,704 in the year ended October 31, 2017 compared to cash flows used of $995,583 in the same period in 2016. The cash drain from operations before changes in non-cash working capital items was $782,077 in the year in 2017 compared to a cash drain of $927,301 in the year in 2016. In the year ended October 31, 2017, non-cash working capital generated was $54,373 (2016 – used $67,482).

Financing activities

In the year ended October 31, 2017 cash flows provided by financing activities were $1,626,288 (2016 - $2,535,516), which included term loan repayment of $25,000 (2016 - $Nil), proceeds of term loan payable of $210,000 (2016 - $Nil), loan repayments of $207,058 (2016 – $10,000), issue of units and flow-through units for cash of $1,448,267 (2016 - $2,380,050), warrants exercised of $275,000 (2016 - $255,000), stock options exercised $Nil (2016 - $8,500) and share issue costs of $74,921 (2016 - $98,034).

Investing activities

In the year ended October 31, 2017, cash flows used for investing activities were $1,013,980 (2016 - $1,354,036) all being investment in exploration and evaluation assets and reclamation bonds in both periods.

Change in cash position

In aggregate, cash flows from operating, financing and investing activities resulted in an decrease in cash of $115,396 in the year ended October 31, 2017 compared to an increase of $185,897 in the same period in 2016. When added to cash of $228,175 at the beginning of the year (2016 - $42,278), cash at October 31, 2017 totaled $112,779 compared to $228,175 at October 31, 2016.

Cash Resources and Liquidity

Currently, the Company has no profitable operations. It is subject to risks and uncertainties common to comparable companies, including under-capitalization, cash shortages and limitations with respect to availability of experienced personnel, financial and other resources, as well as a lack of revenues and cash flow.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks and uncertainties attached thereto. Historically, the capital requirements of the Company have been met mainly by equity subscriptions as well as convertible debentures. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

As at October 31, 2017 the Company had a working capital deficiency of $1,656,300 compared to a working capital deficiency of $1,146,431 as at year end October 31, 2016. The working capital deficiency increased by $509,869 during the year ended October 31, 2017.

Current assets decreased by $172,109 from $352,235 at October 31, 2016 to $180,126 at October 31, 2017. Cash decreased by $115,396 from $228,175 at October 31, 2016 to $112,779 at October 31, 2017. Amounts receivable decreased by $18,055 from $62,313 at October 31, 2016 to $44,258 at October 31, 2017. Prepaid expenses decreased by $38,658 from $61,747 at October 31, 2016 to $23,089 at October 31, 2017.

Exploration and evaluation assets increased by $1,359,170 from $7,226,426 at October 31, 2016 to $8,585,596 at October 31, 2017 as a result of capitalization of its investment in exploration and evaluation assets at the Ladner Gold Property.

Current liabilities increased by $337,760 from $1,498,666 at October 31, 2016 to $1,836,426 at October 31, 2017. Accounts payable and accrued liabilities increased by $156,179 from $1,267,043 at October 31, 2016 to $1,423,222 at October 31, 2017. Decommission liability increased from $Nil at October 31, 2016 to $220,000 at October 31, 2017. Loans payable decreased by $11,707 from $204,911 at October 31, 2016 to $193,204 at October 31, 2017. Term loans decreased by $26,712 from $26,712 at October 31, 2016 to $Nil at October 31, 2017.

Summary of quarterly results

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the quarterly financial statements.

Quarter Ended	Revenue $	Net Loss for the period $	Net loss per share $
October 31, 2017	-	203,278	-
July 31, 2017	-	220,629	-
April 30, 2017	-	258,298	-
January 31, 2017	-	492,732	-
October 31, 2016	-	173,309	-
July 31, 2016	-	416,043	-
April 30, 2016	-	627,160	0.01
January 31, 2016	-	120,859	-

Net loss and loss per share have been relatively consistent for the eight most recent quarterly periods except for the second and third quarter of the current fiscal year. The increase in loss for Q2-Q3 2016 and Q1 2017 was primarily due to the Company issuing stock-based compensation. Management fees have increased recently over the past year due to increased corporate and exploration activities at the Company. General and administrative expenses have been relatively consistent for the historical period as the Company has continued to keep its expenses as low as possible due to working capital constraints.

Related Party Transactions

At October 31, 2017 included in accounts payable and accrued liabilities is $531,628 (2016 – $323,098) owed to current and former officers and directors for salary capitalized to exploration and evaluation assets, consulting fees and reimbursement of expenses.

Amounts due to/from related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise noted. Fair value cannot be readily determined.

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	October 31, 2017	October 31, 2016
Management fees paid or accrued to the CEO Robert Thast	$ 177,000	$ 90,000
Management fees paid or accrued to the CFO D. Barry Lee	109,500	69,000
Fees paid or accrued to a company controlled by a Director, Robert Lunde	-	10,000
Share-based payments	114,509	245,368
	$ 401,009	$ 414,368

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

Loans payable

During the year ended October 31, 2015 a former director of the Company loaned the Company $200,000. The loan bears interest at 13% per annum, compounded and payable quarterly. The loan matured on December 31, 2016. The loan is secured by the Company's present and after acquired personal property, including the acquisition agreement with Century's receiver (note 4). In consideration for the loan, warrants were issued to the lender to purchase 400,000 common shares of the Company until December 31, 2016 at a price of $0.50 per share. In addition, the Company incurred $15,000 in financing costs in connection with this loan. During the year ended October 31, 2016, the Company paid accrued interest of $26,000 to the lender.

During the year ended October 31, 2015 a director of the Company loaned the Company $10,000. The loan bears interest at 13% per annum, compounded and payable quarterly. The loan matured on December 31, 2016. As consideration for the loan, warrants were issued to the lender to purchase 20,000 common shares of the Company until December 31, 2016 at a price of $0.50 per share. On February 24, 2016, the Company repaid the principal amount of $10,000 plus accrued interest to the lender.

The fair value of the 420,000 warrants have been valued at $107,448 using the Black-Scholes option pricing model based on the following assumptions: a risk free rate of 0.54%, an expected life of 1 year, an expected annualized volatility of 138.17% and no expectation of dividends payments. Volatility was determined based on historical volatility.

The aggregate financing costs of $122,448 have been recorded against the carrying amount of the loans, which have been accreted over the term of the loan.

During the year ended October 31, 2017, the Company arranged a third party loan for $210,000 to repay the $200,000 loan payable outstanding at December 31, 2016. The loan has a term of one year, will bear interest at a rate of 13% per annum compounded quarterly with the first payment due March 31, 2017, and is secured by a general security agreement over the assets of the Company. The Company issued 350,000 bonus common share purchase warrants exercisable at $0.60 per share for a period of one year to the lender in connection with the loan. The fair value of the warrants is $75,315 which was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issue date of $0.60, a risk free rate of 0.70%, an expected life of 1 year, an expected annualized volatility of 92.53%, and no expectation of dividend payments. Volatility was determined based on historical volatility. This financing cost has been recorded against the carrying amount of the loan, which will be accreted over the term of the loan.

Interest and accretion of $2,147 (2016 – $104,939) was recognized in exploration and evaluation assets during the year as one of the loans was used to exercise the Tamerlane Option. The remaining interest and accretion of $84,658 (2016 – $2,594) was recognized in net loss.

Outstanding Share Data as at the Date of this MD&A

The Company's capital structure on February 27, 2018 is shown in the following table:

		Weighted Average Exercise or Conversion Price	Proceeds if Exercised
Common shares issued and outstanding (Basic)	23,846,306		
Warrants	7,167,126	$0.65	$ 4,690,701
Options	1,890,000	$0.48	914,000
Common shares issued and outstanding (Fully Diluted)	32,903,432		$ 5,604,701

If all outstanding warrants and options are in-the-money and exercised, an aggregate of $5,604,701 would be added to the Company's treasury, which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

Future Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2017 reporting period. Management has not yet begun the process of assessing the impact that the new and amended standards will have on the Company's financial statements.

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This standard is effective for reporting periods beginning on or after January 1, 2018.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

Commitments

The Company has commitments for Flow-Through Share Subscription Agreements (see Note 13), which are more thoroughly disclosed in the Notes to the audited financial statements for the year ended October 31, 2017:

Financial instruments and risk management

Fair value

The Company categorizes its fair value measurements for financial assets and financial liabilities at fair value according to a three level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company did not have any financial instruments carried at fair value at October 31, 2017 and October 31, 2016.

Risk management

The Company is exposed, in varying degrees, to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk: Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's cash is deposited at a high credit-worthy financial institution. All of the Company's amounts receivable is with the federal government of Canada and the reclamation bonds are with the provincial government of British Columbia.

Market risk: Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

Liquidity risk: Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy current obligations of $1,836,426 (2016 - $1,498,666) by continuing to finance its activities by raising funds from private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that liquidity risk is high. At October 31, 2017, the Company's accounts payable and accrued liabilities are due on demand or within 30 days, and the loans payable are due in December 2017.