NEW CAROLIN GOLD CORP.

Financial Statements
For the Years Ended October 31, 2018 and 2017

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Independent Auditor's Report

To the Shareholders of
New Carolin Gold Corp.

We have audited the accompanying financial statements of New Carolin Gold Corp., which comprise the statements of financial position as at October 31, 2018 and October 31, 2017, and the statements of comprehensive loss, changes in 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.

Auditor's 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 audits 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 auditor's 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, the financial statements present fairly, in all material respects, the financial position of New Carolin Gold Corp. as at October 31, 2018 and October 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of New Carolin Gold Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
February 27, 2019

	October 31, 2018 $	October 31, 2017 $
ASSETS		
Current Assets		
Cash	**20,154**	112,779
Amounts receivable	**165,450**	44,258
Prepaid expenses	**32,683**	23,089
	218,287	180,126
Exploration and evaluation assets (note 4)	**10,290,709**	8,585,596
Reclamation bonds (note 4)	**220,000**	220,000
	10,728,996	8,985,722
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	**1,705,544**	1,423,222
Decommissioning provision (note 4)	**220,000**	220,000
Loans payable (note 8)	**-**	193,204
	1,925,544	1,836,426
EQUITY		
Share capital (notes 5 and 6)	**16,693,366**	13,537,301
Reserves (notes 5 and 6)	**2,456,853**	1,921,819
Deficit	**(10,346,767)**	(8,309,824)
	8,803,452	7,149,296
	10,728,996	8,985,722

Nature of operations and going concern (note 1)
Commitments (note 11)
Subsequent events (note 14)

Approved on behalf of the board of directors on February 27, 2019

"Kenneth Holmes"
Kenneth Holmes
Director

"Robert P.Lunde"
Robert P. Lunde
Director

The accompanying notes are an integral component of these financial statements

	2018 $	2017 $
EXPENSES		
Consulting fees (note 7)	**619,288**	289,600
Directors fees	**30,000**	-
Filings and investor relations	**515,654**	224,202
General and administration	**51,734**	48,036
Insurance	**16,970**	20,096
Property investigations	**-**	9,809
Professional fees (note 7)	**139,283**	185,510
Loans payable interest and accretion (note 8)	**23,621**	84,658
Penalties and other interest expense	**1,858**	-
Share-based payments (notes 6 and 7)	**657,005**	314,964
Loss Before Other Items	**(2,055,413)**	(1,176,875)
Other Items		
Gain on settlement of debt (note 5)	**14,783**	-
Interest income	**3,687**	-
Other income	**-**	1,938
Total Other Items	**18,470**	1,938
Net and comprehensive loss	**(2,036,943)**	(1,174,937)
Net loss per share		
Basic and diluted	**$ (0.08)**	$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	**24,022,998**	17,780,781

The accompanying notes are an integral component of these financial statements

New Carolin Gold Corp.
Statements of Changes in Equity
Canadian dollars

	Shares Issued	Share Capital	Equity component of convertible debt	Share-based Payments Reserve	Warrant Reserve	Deficit	Total equity
		$	$	$	$	$	$
October 31, 2016	**15,562,572**	**11,944,755**	**10,000**	**1,195,376**	**279,751**	**(7,144,887)**	**6,284,995**
Loss for the year	-	-	-	-	-	(1,174,937)	(1,174,937)
Shares issued in respect of private placement of units	726,100	508,270	-	-	-	-	508,270
Shares issued in respect of flow-through financing	1,293,265	939,997	-	-	-	-	939,997
Shares issued for debt settlement	942	613	-	-	-	-	613
Shares issued on exercise of warrants	550,000	275,000	-	-	-	-	275,000
Extinguishment of convertible debentures	-	-	(10,000)	-	-	10,000	-
Warrants issued for loan payable	-	-	-	-	75,315	-	75,315
Share issue costs	-	(131,334)	-	-	56,413	-	(74,921)
Share-based payments	-	-	-	314,964	-	-	314,964
Balance as at October 31, 2017	**2,570,307**	**13,537,301**	**-**	**1,510,340**	**411,479**	**(8,309,824)**	**7,149,296**
Loss for the year	-	-	-	-	-	(2,036,943)	(2,036,943)
Shares issued in respect of flow-through financing	713,427	249,700	-	-	-	-	249,700
Shares issued in respect of private placement of units	9,633,913	2,640,174	-	-	-	-	2,640,174
Shares issued for debt	86,957	15,217	-	-	-	-	15,217
Stock options exercised	750,000	348,168	-	(156,918)	-	-	191,250
Share issue costs	-	(97,194)	-	-	34,947	-	(62,247)
Share-based payments	-	-	-	657,005	-	-	657,005
Balance as at October 31, 2018	**29,317,176**	**16,693,366**	**-**	**2,010,427**	**446,426**	**(10,346,767)**	**8,803,452**

The accompanying notes are an integral component of these financial statements

	2018 **$**	2017 $
Cash provided by (used for)		
Operating activities		
Net loss for the year	**(2,036,943)**	(1,174,937)
Non-cash items:		
Share-based payments	**657,005**	314,964
Accrued interest and accretion – loans payable	**-**	77,283
Interest paid by issuance of shares	**-**	613
Gain on settlement of debt	**(14,783)**	-
Change in non-cash working capital items:		
Amounts receivable	**(57,914)**	18,055
Accounts payable and accrued liabilities	**(210,269)**	32,728
Prepaid expenses	**(13,872)**	3,492
Cash flows used for operating activities	**(1,676,776)**	(727,802)
Financing activities		
Term loans repayment	**-**	(25,000)
Proceeds term loans payable	**-**	210,000
Loans payable repayment	**(193,204)**	(207,058)
Issue of units and flow-through shares for cash	**2,889,874**	1,448,267
Warrants exercised	**-**	275,000
Stock options exercised	**191,250**	-
Share issue costs	**(62,247)**	(74,921)
Cash flows provided by financing activities	**2,825,673**	1,626,288
Investing activities		
Investment in exploration and evaluation assets	**(1,451,522)**	(1,100,515)
Proceeds from sale of equipment	**210,000**	-
Government assistance received	**-**	101,633
Reclamation bonds	**-**	(15,000)
Cash flows used for investing activities	**(1,241,522)**	(1,013,882)
Increase (decrease) in cash	**(92,625)**	(115,396)
Cash beginning of year	**112,779**	228,175
Cash end of year	**20,154**	112,779

Supplemental cash flow information (note 12)

The accompanying notes are an integral component of these financial statements

1. Nature of operations and going concern

New Carolin Gold Corp. is a Canadian resource exploration and development company incorporated in British Columbia. The Company maintains its head office in Vancouver, British Columbia.

As at October 31, 2018, the Company holds a 100% interest in the Ladner Gold Project located in southwestern British Columbia. A large portion of the property is subject to a 2% net smelter return and a lesser portion of the property is subject to a 5% net profits interest.

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.

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenues from operations and has a significant working capital deficiency of $1,707,257 (2017 - $1,656,300). The continuing operations of the Company are dependent on its ability to obtain additional financing. As a result there exists a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. Management plans to obtain sufficient working capital from external financing to meet the Company's liabilities and commitments as they become due. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of presentation

a) The Company prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB). These financial statements were approved for issue on February 27, 2019.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Use of judgments

The preparation of the financial statements, requires estimates and assumptions that affect the amounts reported in the financial statements. Significant areas where judgment is applied include the assessment of the Company's ability to continue as a going concern (note 1), the recoverability of the exploration and evaluation assets, the realization of deferred income taxes assets and the determination of whether technical feasibility and commercial viability can be demonstrated for its exploration and evaluation assets. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment.

d) Critical accounting estimates

Significant estimates include the carrying value and recoverability of exploration and evaluation assets, inputs used in accounting for stock-based compensation and provisions for site restoration. Actual results could differ from our estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies

a) Foreign currency translation

The financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss.

b) Financial instruments

The Company's financial instruments consist of cash, reclamation bonds, accounts payable and accrued liabilities and loans payable.

Loans and receivables

Cash and reclamation bonds have been classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Other financial liabilities

Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest rate method.

Impairment of financial assets

All financial assets except those measured at fair value through profit or loss 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.

c) Exploration and evaluation assets

Exploration and evaluation expenditures

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Exploration expenditures relate to the initial search for deposits with economic potential and detailed assessments of deposits or other projects that have been identified as having economic potential.

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 profit or loss.

3. Significant accounting policies (continued)

c) Exploration and evaluation assets (continued)

Exploration and evaluation expenditures (continued)

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 tested for impairment before the assets are transferred to development properties.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in profit or loss in the period in which they are incurred.

Impairment of non-current assets

The carrying amounts of non-current assets are reviewed for impairment at each reporting date and whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount of an asset is determined as the higher of its fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash generating units are individual operating mines or exploration and development projects. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. In such cases, an impairment loss exists and is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) Decommissioning and restoration provisions

The Company records a liability based on the best estimates of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows required to discharge the liability discounted at a risk-free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

3. Significant accounting policies (continued)

d) Decommissioning and restoration provisions (continued)

The restoration provision is also accreted to full value over time through periodic charges to profit or loss. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to profit or loss. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

e) Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized when the Company has a present legal or constructive obligation as a result of past events. To recognize the provision, it must be probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There are no provisions as at the financial statement date.

f) Current and deferred taxes

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

Current tax is the expected tax payable on the taxable income 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 income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

The fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based payments is accrued and charged to operations using the graded method, with an offsetting credit to share-based payments reserve, over the vesting periods.

3. Significant accounting policies (continued)

g) Share-based payments (continued)

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. Charges for options that are forfeited before vesting are reversed from share-based payments reserve. For stock options that are cancelled or that expire unexercised, the related share-based payments reserve remains as such.

h) Share capital and warrants

The Company records proceeds from share issuances net of issue costs and any tax effects. When units are issued during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to the warrants and credited to the warrant reserve.

i) 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 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. Upon filing the renunciation of qualifying resource expenditures, the Company derecognizes the liability and the premium is recognized as other income. Once the renunciation is filed, the Company will recognize the deferred income tax liability.

j) Convertible debt

The face value of the non-derivative convertible loan is the cash received less the amount of financing fees paid to obtain the loan. The face value is then classified into its separate debt and equity components in the Company's financial statements by using the residual method where the liability is valued first. The liability portion represents the present value of term debt discounted using the discount rate that would have been applicable to a non-convertible debt. The equity component is determined as the residual value of the face value of the instrument less its liability component.

Over the term of the loan, the carrying value of the liability component is to be accreted to the principal amount using the effective interest-rate method. The corresponding interest and accretion is to be charged to profit or loss.

If the conversion option is exercised, the amount recorded in equity is transferred to share capital. If the conversion option is not exercised, the amount recorded in equity is reclassified to deficit.

k) Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

The net effect of applying the treasury stock method to the weighted average number of shares outsatnding has an anti-dilutive effect for the years ended October 31, 2018 and 2017.

3. Significant accounting policies (continued)

l) Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the *Mining Tax Act*. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits in the period when there is reasonable assurance with regard to collections and assessments and that the Company will comply with conditions associated with them.

m) New accounting standards adopted during the year

The Company adopted the following amendments during the year ended October 31, 2018 with no significant impact on its financial statements.

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.

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.

n) New pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2018 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.

3. Significant accounting policies (continued)

n) New pronouncements (continued)

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 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.

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.

4. Exploration and evaluation assets

	October 31, 2018	October 31, 2017
Acquisition costs		
Balance, beginning of the year	$ 3,884,511	$ 3,662,364
Acquisition costs	-	2,147
Decommissioning provision	-	220,000
Total acquisition costs, end of the year	3,884,511	3,884,511
Exploration costs		
Balance, beginning of the year	4,701,085	3,564,062
Assay and analysis	26,881	51,144
Drilling	1,667,853	215,976
Geological and consulting	48,902	563,240
Property taxes	-	2,086
Site activities	234,755	406,210
Sale of equipment	(210,000)	-
Government assistance	(63,278)	(101,633)
Total exploration costs, end of the year	6,406,198	4,701,085
Total exploration and evaluation assets, end of the year	**$ 10,290,709**	**$ 8,585,596**

Ladner Gold Project

In August, 2014, the Company entered into an acquisition agreement ("Agreement") to acquire all rights and title to the mineral claims comprising the Carolin Mine and associated Ladner gold properties, collectively known as the Ladner Gold Project (the "Project") then owned by or under option to Century Mining Corporation ("Century") and under a receivership order with Samson Belair / Deloitte & Touche Inc. ("Receiver"). The Company owned a historic 10% interest in the Project. During the year ended October 31, 2015, as part of the Agreement with and facilitated by the Receiver, the Company exercised Century's existing Tamerlane Option to complete the purchase of a 30% interest in the Ladner Gold Project, making the final payment to acquire Tamerlane's 30% interest. On closing, the Company then controlled a 40% interest in the Project.

In February, 2016, the Company and the Receiver amended the Agreement to reduce the amounts payable and the closing conditions in order to accelerate closing on the remaining 60% interest in the Project. On April 13, 2016, the Company completed the acquisition with the Receiver, acquiring the remaining 60% of the Ladner Gold Project, issuing 2,488,951 common shares to the Receiver and agreeing to grant and pay a 2% Net Smelter Returns royalty ("NSR") on the Project; and 35% of the profits earned and received by the Company from the sale of gold obtained by reprocessing the tailings presently existing on the Project.

4. Exploration and evaluation assets (continued)

Ladner Gold Project (continued)

The Company has 100% of the legal and beneficial ownership of the 144-square kilometer Ladner Gold Project contiguous land package, which includes the Carolin Mine. A large portion of the property is subject to a 2% net smelter return and a lesser portion of the property is subject to a 5% net profits interest.

In connection with the Project, the Company has a total of $220,000 placed with the Province of British Columbia in environmental and mining bonds. During the year ended October 31, 2017, the Company recognized a decommissioning provision of $220,000 equal to the value of the bonds. The timing of the settlement of the obligation cannot be reasonably determined at this time.

On May 1, 2018, the Company sold certain equipment for a price of $210,000 to help finance the cost of exploration. Additionally, on May 1, 2018, the Company signed an agreement to lease back the equipment for a cost of $150,000 to be paid over a period of nine months, plus an additional $30,000 lump sum payment, which can be satisfied with the issuance of shares (issued subsequent to October 31, 2018, see note 14).

Property option agreement with Crucible Resources Ltd.

On February 11, 2016, the Company entered into an option agreement with Crucible Resources Ltd. (“Crucible”) to acquire the Warkentin Property, whereby the Company can acquire 20 mineral claims covering 30 square kilometers situated near the southern portion of the Ladner Gold Project, under the following terms:

a) Paying Crucible $32,000 (paid) in respect of settlement of the previous agreement and to secure the new Option;
b) The Company can acquire all 20 claims at any time for a total of $50,000 over five years;
c) Funds spent on exploration will be factored into the $50,000 acquisition purchase price; and
d) Crucible retains a 2% NSR, which the Company may purchase for $250,000 for the first 1% and $500,000 for the second 1%.

5. Share capital

a. Authorized

Unlimited common shares without par value.

b. Issued shares

As at October 31, 2018, the Company has 29,317,176 common shares outstanding (2017 – 18,132,879).

Share issuances during the year ended October 31, 2018

During the year ended October 31, 2018, 750,000 stock options priced at $0.255 were exercised for gross proceeds of $191,250.

On October 30, 2018, the Company announced that it issued 86,957 shares with a fair value of $0.18 per share to a third party to satisfy equipment rental payments of $30,000, resulting in a gain on settlement of debt of $14,783.

On July 17, 2018, the Company issued 4,633,913 units (“Unit”) at a price of $0.30 per Unit for gross proceeds of $1,390,174. Each Unit consists of one common share of the Company and one share purchase warrant (“Warrant”), with each Warrant entitling the holder to purchase one additional common share at a price of $0.45 per share for a period of twelve months from the date of closing. Finder’s fees of $18,247 and finder’s warrants totaling 80,824 warrants were paid on portions of the unit offering. Each finder’s warrant issued is for a period of twelve months and exercisable on the same terms as the Unit Warrants.

On February 8, 2018, the Company issued 5,000,000 units (“Unit) at a price of $0.25 per Unit for gross proceeds of

5. Share capital (continued)

b. Issued shares (continued)

$1,250,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at a price of $0.35 per share for a period of two years from the date of closing. Finder's fees of $32,000 and finder's warrants totaling 80,000 warrants were paid on portions of the unit offering. Each finder's warrant was issued for a period of two years and exercisable on the same terms as the Unit Warrants.

On February 8, 2018, the Company issued 142,000 flow-through common shares at a price of $0.35 per flow through share for proceeds of $49,700. Finder's fees total $4,000 in cash were paid in connection with the flow through offering.

On December 29, 2017, the Company issued 571,427 flow-through common shares at a price of $0.35 per flow through share for proceeds of $200,000. Finder's fees total $8,000 in cash were paid in connection with the flow through offering.

Share issuances during the year ended October 31, 2017

On January 19, 2017, the Company closed a non-flow through private placement of 726,100 units ("Units") in the capital stock of the Company at a price of $0.70 per Unit for gross proceeds of $508,270. Each unit consists of one common share of the Company and one warrant to purchase one additional common share for a period of two years from the date of closing at a price of $0.70 per share in the first year and $0.90 per share in year two. Finder's fees were paid on portions of the Unit offering totaling $19,821 and finder's warrants totaling 45,516 warrants, each warrant issued for a period of two years and exercisable on the same terms as the subscriber Unit warrants. The finder's warrants were valued at $20,956 (see note 5c).

The Company raised $275,000 through the exercise of common share purchase warrants held by several of its current shareholders. Prior to the expiration date on December 31, 2016, the Company received notice of exercise of 550,000 warrants to purchase shares at a price of $0.50 per share, and has issued the shares accordingly.

The Company issued 630,765 flow-through common shares in its capital stock at a price of $0.65 per flow through share for proceeds of $409,997 on December 23 and December 30, 2016, and 662,500 flow-through common shares in its capital stock at a price of $0.80 per flow through share for proceeds of $530,000 on November 8, 2016. Finder's fees totaling $55,100 in cash and 78,010 non-flow through common share purchase warrants were paid in connection with the flow through offerings. The finder's warrants are exercisable for a period of 3 years from the date of closing, with 37,625 exercisable at a price of $0.80 and 40,385 exercisable at $0.65. The finder's warrants were valued at $35,457 (see note 5c).

On December 19, 2016, the Company issued 942 common shares at a fair value of $0.65 per share for consideration of $613 representing interest payable upon the final payout of the 2012 Term Loans.

Please refer to the Statement of Changes in Equity for a summary of changes in share capital for the periods ended October 31, 2018 and 2017.

5. Share capital (continued)

Warrants

The following table summarizes the Company's warrant transactions:

	Number of warrants	Weighted average exercise price
Balance October 31, 2016	**5,723,000**	**$ 0.79**
Issued with unit private placement	726,100	0.90
Issued to finders	123,526	0.79
Bonus warrants issued for loan (note 9)	350,000	0.60
Exercised	(550,000)	0.50
Expired	(955,500)	0.60
Balance October 31, 2017	**5,417,126**	**0.88**
Issued	7,294,737	0.41
Expired	(4,567,500)	0.89
Balance October 31, 2018	**8,144,363**	**$ 0.46**

As at October 31, 2018, the following warrants were outstanding:

Warrants Outstanding	Exercise Price	Remaining Contractual Life	Number of Warrants Currently Exercisable
138,950	$ 0.90	0.08 years	138,950
11,116	0.90	0.08 years	11,116
37,626	0.80	1.03 years	37,626
40,384	0.65	1.15 years	40,384
587,150	0.90	0.22 years	587,150
34,400	0.90	0.22 years	34,400
2,580,000	0.35	1.27 years	2,580,000
4,714,737	0.45	0.71 years	4,714,737
8,144,363	**$ 0.46**	**0.84 years**	**8,144,363**

The fair value for the warrants issued to finders during the year ended October 31, 2018 was $34,947, which was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions for each issuance of warrants respectively: share price on issue date of $0.43/$0.34, exercise price of $0.35/$0.45, a risk free rate of 1.83%/1.91%, an expected life of 2 years/1 year, an expected annualized volatility of 120%/142%, and no expectation of dividend payments.

The fair value for the warrants issued to finders during the year ended October 31, 2017 was $56,413, which was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issue date of $0.71, exercise price of $0.71, a risk free rate of 0.68%, an expected life of 2.61 years, an expected annualized volatility of 115%, and no expectation of dividend payments.

6. Share-based payments

The Company has adopted an incentive stock option plan (the "Plan"), the essential elements of which provide that options granted under the Plan: 1) may in aggregate not exceed 10% of the Company's issued and outstanding common shares; 2) can have a maximum term of five (5) years; and 3) must be granted with an exercise price of not less than the market price of the shares (the closing market price on the last day shares are traded prior to the grant date).

The following table summarizes the Company's stock option transactions:

	Number of options	Weighted average exercise price
Balance October 31, 2016	1,237,500	$ 0.80
Granted	565,000	0.70
Cancelled/forfeited	(77,500)	1.00
Expired	(50,000)	1.10
Balance October 31, 2017	**1,675,000**	**0.70**
Granted	2,415,000	0.33
Exercised	(750,000)	0.255
Cancelled / forfeited	(545,000)	0.85
Balance October 31, 2018	**2,795,000**	**$ 0.48**

The following table summarizes the stock options outstanding at October 31, 2018:

Options Outstanding	Exercise Price	Remaining Contractual Life	Number of Options Currently Exercisable
175,000	$ 0.50	0.44 years	175,000
6,500	0.50	0.61 years	6,500
85,000	0.50	1.19 years	85,000
43,500	0.50	1.42 years	43,500
70,000	0.50	1.64 years	70,000
265,000	0.85	2.48 years	265,000
45,000	1.10	2.62 years	45,000
50,000	0.90	2.75 years	50,000
50,000	0.60	3.18 years	50,000
340,000	0.70	3.22 years	340,000
440,000	0.40	4.37 years	440,000
825,000	0.30	4.58 years	825,000
400,000	0.35	4.76 years	400,000
2,795,000	**$ 0.48**	**3.62 years**	**2,795,000**

During the year ended October 31, 2018, there were 2,415,000 (2017 – 565,000) stock options granted by the Company, of which Nil (2017 – 30,000) stock options were granted to investor relations consultants that vest over 12 months. Using the assumptions below, the fair value of options granted and vested during the year ended October 31, 2018 was $657,005 (2017 – $314,964).

On January 17, 2018, the 750,000 stock options granted by the Company were calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on grant date of $0.255, exercise price of $0.255, a risk-free rate of 0.69%, an expected life of 5 years, an expected annualized volatility of 120% and no expectation of dividends payments. These options were exercised during the nine months ended July 31, 2018 for gross proceeds of $191,250. Volatility was determined based on historical volatility.

6. Share-based payments (continued)

On March 13, 2018, the 440,000 stock options granted by the Company were calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on grant date of $0.40, exercise price of $0.40, a risk-free rate of 1.99%, an expected life of 5 years, an expected annualized volatility of 142% and no expectation of dividends payments. Volatility was determined based on historical volatility.

On May 31, 2018, the 825,000 stock options granted by the Company were calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on grant date of $0.30, exercise price of $0.30, a risk-free rate of 2.11%, an expected life of 5 years, an expected annualized volatility of 141% and no expectation of dividends payments. Volatility was determined based on historical volatility.

On August 3, 2018, the Company granted 400,000 stock options priced at $0.35 per share expiring August 2, 2023, of which 350,000 options were issued to a director of the Company.

The option valuation for the options granted in the year ended October 31, 2017 was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on grant date of $0.70, exercise price of $0.70, a risk-free rate of 0.69%, an expected life of 5 years, an expected annualized volatility of 120% and no expectation of dividends payments.

7. Related party transactions

At October 31, 2018, included in accounts payable and accrued liabilities is $146,203 (2017 – $223,144) 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, 2018	October 31, 2017
Salaries capitalized to evaluation and exploration assets, consulting fees, director fees, and professional fees	$ 504,500	$ 286,500
Share-based payments	216,664	114,509
	$ 721,164	$ 401,009

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.

8. 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

8. Loans payable (continued)

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, and has been accreted over the term of the loan.

During the year ended October 31, 2018, the loan was repaid in full.

9. Capital disclosures

The Company's objectives when managing capital are to:

(i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
(ii) Continue the development and exploration of its resource property; and
(iii) Support expansion plans.

In the management of capital, the Company includes shareholders' equity, term loans and the current portion of loans, if any.

The Company manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debt. The Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operations and growth objectives. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed restrictions.

10. 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, 2018 and 2017.

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

10. Financial instruments and risk management (continued)

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 accounts payable and accrued liabilities of $1,705,544 (2017 - $1,423,222) 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, 2018, the Company's accounts payable and accrued liabilities are due on demand or within 30 days.

11. Commitments

Flow-through share subscription agreements

The Company entered into flow-through share subscription agreements during the year ended December 31, 2008 whereby it was committed to incur on or before December 31, 2009 a total of $600,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which $290,723 was not fulfilled. An amount totaling $187,400 has been accrued for the indemnification of shareholders for taxes and penalties related to the unspent portion of the commitment.

The Company entered into flow-through share subscription agreements during the year ended December 31, 2009 whereby it was committed to incur on or before December 31, 2010 a total of $575,000 of qualifying CEE, of which $113,764 was not fulfilled. An amount totaling $70,800 has been accrued for the indemnification.

In addition, Part XII.6 taxes and related interest and penalties of $116,000 were accrued on the unfulfilled commitments.

During the year ended October 31, 2017, the Company raised $939,997 from flow-through financing which has been incurred on qualifying CEE during the year.

During the year ended October 31, 2018, the Company raised $249,700 from flow-through financing, of which $249,700 has been incurred on qualifying CEE during the year, and $nil is left to be spent by December 31, 2018.

12. Supplemental cash flow information

		October 31, 2018		October 31, 2017
Cash paid during the period for interest	**$**	**25,479**	$	13,822
Cash received during the period for interest	**$**	**3,687**	$	-

Non-cash financing transactions:		**October 31, 2018**		October 31, 2017
Shares issued for debt	**$**	**15,217**	$	-
Warrants issued for loans payable	**$**	**-**	$	75,315
Warrants issued to finder	**$**	**34,947**	$	56,413
Accretion of financing costs included in exploration and evaluation assets	**$**	**-**	$	2,147

Included in accounts payable and accrued liabilities is $1,068,994 (2017 - $546,403) related to investment in exploration and evaluation assets.

Included in prepaid expenses is $nil (2017 - $4,278) related to investment in exploration and evaluation assets.

13. Income Taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

		2018		2017
Loss for the year before taxes	$	(2,036,943)	$	(1,174,937)
Statutory Canadian corporate tax rate		26.83%		26%
Anticipated tax expense (recovery)	$	(546,580)	$	(305,484)
Difference resulting from:				
Items not deductible for tax purposes		178,534		84,634
Effect of tax rate change		(16,122)		(28,952)
Tax benefits not recognized		384,168		249,802
Deferred income tax recovery	$	-	$	-

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

		October 31, 2018		October 31, 2017
Non-capital loss carry forwards	$	1,977,000	$	1,750,000
Exploration and development deductions		(1,380,000)		(1,313,000)
Loans payable		-		(5,000)
Decommissioning provision		59,000		59,000
Share issue costs and other		46,000		36,000
		702,000		527,000
Unrecognized deferred tax assets		(702,000)		(527,000)
Net deferred tax asset	$	-	$	-

13. Income Taxes (continued)

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized the non-capital losses in the amount of $7,323,000 expire as follows:

2029		945,000
2030		356,000
2031		325,000
2032		926,000
2033		600,000
2034		390,000
2035		520,000
2036		993,000
2037		842,000
2038		1,427,000
Total	$	7,323,000

At October 31, 2018, the Company has unclaimed resource deductions in the amount of $4,839,000 (2017 - $3,666,000) which may be deducted against future taxable income on a discretionary basis.

14. Subsequent events

On December 19, 2018, the Company issued 2,459,999 units (“Unit”) at a price of $0.15 per Unit for gross proceeds of $369,000. Each Unit consists of one common share of the Company and one share purchase warrant (“Warrant”), with each Warrant entitling the holder to purchase one additional common share at a price of $0.25 per share for a period of twenty four months from the date of closing. Finder’s fees of $8,100 and finder’s warrants totaling 54,000 warrants were paid on portions of the unit offering. Each finder’s warrant issued is for a period of twelve months and exercisable at a price of $0.25 per share.