JAXON MINING INC.

(formerly Jaxon Minerals Inc.)
An Exploration Stage Company

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JANUARY 31, 2018

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jaxon Mining Inc. (formerly Jaxon Minerals Inc.)

We have audited the accompanying financial statements of Jaxon Mining Inc., which comprise the statements of financial position as at January 31, 2018 and 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Jaxon Mining Inc. as at January 31, 2018 and 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 qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Jaxon Mining Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 30, 2018

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.)
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	January 31, 2018 -$-	January 31, 2017 -$-
ASSETS			
Current assets			
Cash		1,292,065	119,173
Investments held for sale	*5*	1,874,287	-
Receivables	*6*	125,811	6,234
Prepaid expenses and deposits		51,822	-
		3,343,985	125,407
Reclamation deposit	*8*	35,000	-
Equipment	*7*	10,488	-
Exploration and evaluation asset	*8*	2,245,832	80,668
TOTAL ASSETS		5,635,305	206,075
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	*9*	287,211	101,274
Flow through shares premium liability	*10*	262,743	15,500
TOTAL LIABILITIES		549,954	116,774
SHAREHOLDERS' EQUITY			
Share capital	*10*	12,778,325	7,485,076
Share-based payment reserve	*10*	1,344,480	529,602
Accumulated deficit		(9,037,454)	(7,925,377)
TOTAL SHAREHOLDERS' EQUITY		5,085,351	89,301
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,635,305	206,075

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 14)

Signed, "John King Burns", Director

Signed, "Jason Cubitt", Director

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

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.)
Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	January 31, 2018	January 31, 2017
		-$-	-$-
Expenses			
Advertising		20,936	-
Amortization	*7*	2,177	-
Consulting fees	*11*	124,007	14,350
Corporate development	*11*	357,660	-
Director fees	*11*	79,000	-
Interest expense		-	19,832
Marketing and IR		669,216	206,607
Management fees	*11*	174,000	17,200
Office and miscellaneous		44,548	37,768
Professional fees		53,804	27,779
Regulatory and filing fees		56,825	17,061
Rent	*11*	28,875	22,500
Share-based payment expenses	*10*	691,103	98,362
Travel and entertainment		212,970	1,051
Loss from operations		(2,515,121)	(462,510)
Other items			
Write down of exploration and evaluation assets	*8*	-	(100,000)
Gain on revaluation of investment held for sale	*5*	1,374,287	-
Recovery of flow-through liability	*10*	28,757	-
Gain on debt settlement		-	3,786
Loss and comprehensive loss		(1,112,077)	(558,724)
Basic and diluted loss per share		(0.02)	(0.02)
Weighted average number of common shares outstanding		56,943,010	25,873,440

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

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.)

Statements of Changes in Equity

For the Years Ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

	Note	Number of shares	Share capital -$-	Share-based payment reserve -$-	Accumulated deficit -$-	Total shareholder's equity -$-
Balance, January 31, 2016		18,927,744	6,704,410	431,240	(7,366,653)	(231,003)
Net and comprehensive loss for the year		-	-	-	(558,724)	(558,724)
Common shares issued for private placement	*10*	13,000,000	728,000	-	-	728,000
Common shares issued for exploration and evaluation assets	*10*	3,875,000	82,000	-	-	82,000
Finders' shares issued for exploration and evaluation assts	*10*	375,000	7,500	-	-	7,500
Share issuance costs	*10*	-	(36,834)			(36,834)
Share-based payments	*10*	-	-	98,362		98,362
Balance, January 31, 2017		36,177,744	7,485,076	529,602	(7,925,377)	89,301
Balance, January 31, 2017		36,177,744	7,485,076	529,602	(7,925,377)	89,301
Net and comprehensive loss for the year		-	-	-	(1,112,077)	(1,112,077)
Common shares issued for private placement	*10*	27,657,594	4,378,820	-	-	4,378,820
Common shares issued for exploration and evaluation assets	*10*	1,062,500	164,000	-	-	164,000
Common shares issued for the exercise of warrants	*10*	9,375,746	796,427	(6,728)	-	789,699
Common shares issued for the exercise of stock options	*10*	1,718,750	232,909	(124,859)	-	108,050
Share issuance costs	*10*	-	(278,907)	113,606		(165,301)
Share-based payments	*10*	-		832,859		832,859
Balance, January 31, 2018		75,992,334	12,778,325	1,344,480	(9,037,454)	5,085,351

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

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.)
Statements of Cash Flows
(Expressed in Canadian dollars)

	January 31, 2018	January 31, 2017
	-$-	-$-
Cash provided from:		
Operating Activities		
Net loss for the period	(1,112,077)	(558,724)
Items not involving cash:		
Share-based payment	691,103	98,362
Amortization	2,177	-
Gain on revaluation of investment	(1,374,287)	-
Recovery of flow-through liability	(28,757)	-
Gain on debt settlement	-	(3,786)
Write down of exploration and evaluation assets	-	100,000
Net change in non-cash working capital		
Changes in receivables	(118,827)	2,651
Changes in prepaid expenses	(51,822)	-
Decreases in accounts payable and accrued liabilities	278,244	39,557
Cash used in operating activities	(1,714,246)	(321,940)
Investing Activities		
Purchase of investment	(500,000)	-
Reclamation deposit	(35,000)	-
Purchase of property and equipment	(12,665)	-
Exploration and evaluation assets	(1,925,115)	(62,959)
Cash used in investment activities	(2,472,780)	(62,959)
Financing Activities		
Shares issued for cash, net of costs	5,359,918	691,166
Shareholder loan repayment	-	(190,515)
Cash provided by financing activities	5,359,918	500,651
Change in cash for the year	1,172,892	115,752
Cash, beginning	119,173	3,421
Cash, ending	1,292,065	119,173

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.) (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 6, 2006. The Company trades on the TSX Venture Exchange ("TSX-V") as a mineral exploration and development company. The Company's head office and registered and records office address is Suite 1100 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets may not reflect current or future values.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had a working capital of $2,794,031 as at January 31, 2018 and an accumulated deficit of $9,037,454. The ability of the Company to continue as a going concern and meet its commitments as they become due, including exploration and development of its exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

For the comparative financial statements, the Company re-classified certain 2017 accounts in order to conform with the 2018 presentation.

Critical accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the financial statements.

2. BASIS OF PRESENTATION - *continued*

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular way purchases and sales of FVTPL financial assets are accounted for at the trade date. The Company's investments held for sale are classified as FVTPL.

Financial assets classified as held-to-maturity are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. Any changes to the carrying amount, including impairment losses, are recognized through profit or loss. The Company has no assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss, except for losses in value that are considered other than temporary. The Company has no assets classified as available-for-sale.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. The Company has no assets classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES *- continued*

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

Fair Value Hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits or highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less.

Equipment

Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property, plant and equipment are as follows:

Class of equipment	**Amortization rate**
Furniture and equipment	30%
Computer equipment	45%

3. SIGNIFICANT ACCOUNTING POLICIES *- continued*

Exploration and Evaluation Assets (‘E&E”)

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated by exploration area and are not depleted pending determination of technical feasibility and commercial viability.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

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 had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Reclamation Obligations

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured before and after the modification, is also charged to the profit or loss over the remaining vesting period. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Loss per Share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Foreign Currency Translation

Transactions in currencies are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction. Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

New Standards and Interpretations

The following new standard has been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning February 1, 2018 or later periods:

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments; Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has assessed that this standard will not have a material impact on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. The risk is managed by using a major bank that are a high credit quality financial institution as determined by rating agencies. The Company has secondary exposure to credit risk on its receivables. This risk is minimal as receivables consist primarily of refundable goods and services taxes.

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT - *continued*

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company assessed its liquidity risk as high.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk.

Capital Management

The Company defines its capital as shareholders' equity. It manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing or the sale of assets to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subject to externally imposed capital requirements.

5. INVESTMENTS HELD FOR SALE

During the year ended January 31, 2018, as part of a joint venture agreement on the Stock Properties discussed in Note 8 below, the Company participated in a non-brokered private placement of Rotation Minerals Ltd. ("Rotation"), a company whose common shares are listed on the TSX-V in Canada under the ticker symbol "ROT". Pursuant to the terms of this non-brokered private placement, the Company received a total of 3,333,333 units of Rotation at a unit price of $0.15 per unit, equating to a total investment of $500,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at $0.25 for a period expiring two years following the closing date of the private placement. At January 31, 2018, the fair value of the shares was $1,200,000 and of the warrants was $674,287, for a total fair value of $1,874,287, which resulted in an unrealized gain on revaluation of $1,374,287. The fair value of the warrants was estimated using the Black Scholes Option Pricing Model with the following assumptions: risk-free rate of 1.79%, expected life of 1.5 years; expected volatility of 100%, and dividend yield of nil.

6. RECEIVABLES

At January 31, 2018, the Company's receivables were comprised of $125,061 in GST receivable (January 31, 2017 – $6,234) and $750 in subscriptions receivable (January 31, 2017 - $Nil) (Note 10).

(Expressed in Canadian dollars)

7. EQUIPMENT

	Computer equipment $	Furntiure and equipment $	Total $
Cost:			
Balance, January 31, 2017	-	-	-
Additions	7,541	5,124	12,665
Balance, January 31, 2018	7,541	5,124	12,665
Amortization:			
Balance, January 31, 2017	-	-	-
Charge for the year	1,408	769	2,177
Balance, January 31, 2018	1,408	769	2,177
Net book value:			
Balance, January 31, 2017	-	-	-
Balance, January 31, 2018	6,133	4,355	10,488

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

At January 31, 2018 and January 31, 2017, the Company's interests in exploration and evaluation assets cumulative expenditures incurred are as follows:

	January 31, 2017 $	Addition (disposal) $	January 31, 2018 $
ST Silver-Gold Prospect, Yukon			
Acquisition costs	28,500	-	28,500
Geological services	5,000	-	5,000
Field expenses	840	-	840
Filing fees	(711)	-	(711)
Writedown of properties	-	-	-
	33,629	**-**	**33,629**
Hot Bath Project, British Columbia			
Acquisition costs	82,500	-	82,500
Property examination	2,500	-	2,500
Field expenses	15,000	-	15,000
Writedown of properties	(100,000)	-	(100,000)
	-	**-**	**-**
Hazelton Property, British Columbia			
Acquisition costs	12,000	68,500	80,500
Administration and maintenance (Note 11)	-	93,867	93,867
Assaying and analysis	-	79,845	79,845
Camp costs, supplies and logistics	1,603	146,925	148,528
Drilling and drilling related costs	-	371,499	371,499
Environmental review	-	2,205	2,205
Geological services	33,436	237,983	271,419
Property examination	-	581,611	581,611
Project management (Note 11)	-	128,150	128,150
Share-based compensation (Notes 10 and 11)	-	141,756	141,756
Travel	-	77,780	77,780
	47,039	**1,930,121**	**1,977,160**
More Creek Project, British Columbia			
Acquisition costs	-	175,500	175,500
Geological services	-	10,675	10,675
Legal	-	10,960	10,960
Assay and analysis	-	341	341
Property examination	-	16,567	16,567
	-	**214,043**	**214,043**
Stock Properties, British Columbia			
Geological services	-	21,000	21,000
	-	**21,000**	**21,000**
Balance, ending	**80,668**	**2,165,164**	**2,245,832**

8. EXPLORATION AND EVALUATION ASSETS - *continued*

a) ST Silver-Gold Prospect, Yukon

The Company owns a 100% interest in four claims located northwest of Whitehorse. To earn the 100% interest, the Company paid the vendor $1,000 and issued a total of 625,000 common shares of the Company with a fair value of $27,500. The vendor retained a 2% net smelter royalty ("NSR") on future production.

b) Hot Bath Project, British Columbia

The Company entered into an option agreement to acquire a 50% interest in the Hot Bath Project located in British Columbia, Canada, pursuant to which the Company issued 3,750,000 common shares with a fair value of $75,000 during the year ended January 31, 2017 (Note 10). The Company also issued 375,000 common shares as finder's fees with a fair value of $7,500 (Note 10). In December 2016, the Company decided to terminate the option agreement and the costs associated with the acquisition and exploration and evaluation work to date were written off, resulting in impairment expense of $100,000.

c) Hazelton Property, British Columbia

On October 7, 2016, the Company entered into an option agreement to purchase the Hazelton Property ("Hazelton"), located in the Price Creek valley of north-central British Columbia, north of the town of Smithers. Under the terms of the option purchase agreement, the Company paid $5,000 on signing and issued 125,000 common shares with a fair value of $7,000. In addition, the Company agreed to issue 125,000 common shares for each of the next subsequent four years on the anniversary of the TSX-V acceptance and make cash payments of:

- $10,000 on year one anniversary of TSX-V acceptance date (paid);
- $15,000 on year two of anniversary of TSX-V acceptance date;
- $20,000 on year three of anniversary of TSX-V acceptance date; and
- $25,000 on year four of anniversary of TSX-V acceptance date.

In October 2017, the Company issued 125,000 common shares with a fair value of $27,500 in fulfillment of the terms of the option agreement at the one-year anniversary (Note 10).

An advance NSR of $5,000 per year shall commence in year five. An NSR of 2% on production can be purchased for $1,000,000 for each percent. In the event of commercial production, a further 250,000 shares will be issued to the vendor.

The original project size of 2,396 hectares has been increased to 44,482 hectares through the Company's active staking and acquisition program within the area. In conjunction with this increase in land size, the Company agreed to issue a total of 375,000 common shares with a fair value of $21,000 in February 2017 (Note 10).

On August 9, 2017, the Company entered into an option agreement to purchase additional claims on the Hazelton Property. The agreement was approved by the TSX-V on May 2, 2018. Under the terms of the purchase agreement, the Company agreed to the following payments, share issuances, and other terms:

- $10,000 (paid) and 125,000 common shares on TSX-V acceptance;
- $5,000 and 62,500 common shares on year one anniversary of TSX-V acceptance;
- $5,000 and 62,500 common shares on year two anniversary of TSX-V acceptance; and
- $5,000 and 62,500 common shares on year three anniversary of TSX-V acceptance.

An NSR of 2% on production can be purchased for $1,000,000 for each percent. In the event of commercial production, a further 125,000 shares and $50,000 will be paid to the vendor.

8. EXPLORATION AND EVALUATION ASSETS - *continued*

c) Hazelton Property, British Columbia (continued)

During the year ended January 31, 2018, the Company paid a $35,000 bond for exploration and reclamation activities on the Hazelton property.

d) More Creek Project *(formerly the Foremore and Wishbone Properties)*

Wishbone Property

On March 14, 2017, the Company signed a definitive option agreement to acquire up to 100% of the gold - silver Wishbone Property. The property is located in northwestern British Columbia. The vendor retains a 2% NSR, which can be purchased by the Company at a rate of $1,000,000 per each 1%.

Under the terms of the purchase agreement, the Company agreed to the following payments, share issuances, and other terms:

- $10,000 (paid) and 125,000 common shares on signing (issued with a fair value of $7,000) (Note 10);
- $15,000 (paid subsequently) and 125,000 common shares (issued subsequently) on 1st anniversary (Note 14);
- $25,000 and 125,000 common shares on 2nd anniversary;
- $25,000 and 125,000 common shares on 3rd anniversary;
- $50,000 and 250,000 common shares on 4th anniversary;
- $50,000 and 250,000 common shares on 5th anniversary;
- $20,000 per year advanced royalty payments beginning on the 6th anniversary; and
- 250,000 common shares owed on commercial production.

Foremore Property

On August 16, 2017, the Company entered into an option agreement, where by the Company can earn a 100% interest in the Foremore Property (“Foremore”), which is located in British Columbia. The property adjoins the Company’s recently acquired Wishbone property, and the combined properties are now known as the More Creek Project.

The terms of the agreement to acquire its 100% interest are as follows:

- $5,000 on signing (paid);
- $45,000 (paid) and 437,500 common shares (issued with a fair value of $108,500) (Note 10);
- $50,000 and 437,500 common shares on 1st anniversary (2018);
- $75,000 and 500,000 common shares on 2nd anniversary (2019);
- $125,000 and 562,500 common shares on 3rd anniversary (2020);
- $200,000 and 625,000 common shares on 4th anniversary (2021);
- $200,000 and 625,000 common shares on 5th anniversary (2022); and
- $10,000 per year advanced royalty payments beginning on May 1, 2017 and ending in the year of commercial production.

Additionally, on commencement of commercial production from Foremore, the Company has agreed to pay $2,500,000 in cash and issue 3,125,000 common shares.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS - *continued*

e) Stock Properties, British Columbia

On August 29, 2017, the Company entered into a binding Letter of Intent to acquire a 75% interest in the Stock Properties in British Columbia. Terms of the agreement include the Company spending a total of $375,000 over 4 years on exploration of the property, and subscribing for 1,333,334 units of the optionor, Rotation at a price of $0.15 per unit (Note 5).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2018 $	January 31, 2017 $
Accounts payable	153,235	101,274
Accrued liabilities	133,976	-
	287,211	101,274

10. SHARE CAPITAL

a) Authorized:

An unlimited number of common shares without par value.

On August 30, 2017, the Company completed a common share split on the basis of 1.25 new common shares for every existing common share. All the share capital disclosure in these financial statements are on a post share split basis. The Company's outstanding options and warrants were adjusted on the same basis as the common shares, with proportionate adjustments being made to the exercise prices. All share, option and warrant information have been retrospectively adjusted to reflect the share split.

b) Issued:

At January 31, 2018, there are 75,992,334 common shares issued and outstanding (2017 – 36,177,744).

c) Private Placements and Share Issuances

Share capital transactions were as follows:

Year ended January 31, 2018

On April 21, 2017, the Company completed a private placement of 10,578,930 units at $0.056 per unit for total gross proceeds of $592,420. Each unit consisted of one common share of the Company and one share purchase warrant at $0.096 per share exercisable for period of two years from the date of closing. In connection with this private placement, the Company paid finder's fees and regulatory expenses of $31,487 in cash, issued 195,416 broker warrants and 318,632 option certificates. The option certificates entitled the holder to acquire an additional 318,632 units under the same terms of the original private placement at $0.056 per unit. The broker warrants were issued under the same terms as the warrants issued in the private placement. The fair value of the option certificates and broker warrants totaled $25,395 and was allocated to share-based payment reserve. The fair value of the option certificates and broker warrants was determined using the Black-Scholes Option Pricing Model with a risk-free rate of 0.72%, volatility factor of 155% and an expected life of two years.

10. SHARE CAPITAL - *continued*

c) Private Placements and Share Issuances - *continued*

On July 18, 2017, the Company completed a private placement of 10,112,000 units at $0.20 per unit for total gross proceeds of $2,022,400. Each unit consisted of one common share and one-half common share purchase warrant, with a full warrant entitling the holder to acquire one additional common share for a 2-year period from the date of closing at an exercise price of $0.28 per share. The Company paid finder's fees and regulatory expenses of $45,098 in cash and issued 320,000 broker warrants, which entitle the holders to purchase 320,000 common shares of the Company at $0.28 with expiry dates between one and two years. The fair value of the broker warrants totaled $76,218 and was allocated to share-based payment reserve. The fair value of the broker warrants was determined using the Black-Scholes Option Pricing Model with risk-free rates ranging between 1.05% and 1.27%, volatility factors between 147% and 160% and an expected life of between one and two years.

On August 11, 2017, the Company completed a private placement of 2,366,665 units at $0.24 per unit for total gross proceeds of $568,000. Each unit consisted of one common share and one-half common share purchase warrant, with a full warrant entitling the holder to acquire one additional common share for a 2-year period from the date of closing at an exercise price of $0.304 per share. The Company paid finder's fees and regulatory expenses of $57,427 in cash and issued 75,208 broker warrants, which entitle the holders to purchase 75,208 common shares of the Company at $0.304 with expiry of two years from the date of closing. The fair value of the broker warrants totaled $11,993 and was allocated to share based payment reserve. The fair value of the broker warrants was determined using the Black-Scholes Option Pricing Model with a risk-free rate of 1.21%, volatility of 146% and an expected life of 2 years.

On December 4, 2017, the Company completed a private placement of 4,599,999 flow-through shares at $0.32 per flow-through share for total gross proceeds of $1,472,000. The Company paid finder's fees and regulatory expenses of $31,289 in cash. The Company recorded a flow-through premium liability $276,000 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

During the year ended January 31, 2018, the Company issued 562,500 common shares with a fair value of $115,500 for acquisition of the More Creek project (Note 8).

During the year ended January 31, 2018, the Company issued 500,000 common shares with a fair value of $48,500 for acquisition of the Hazelton property (Note 8).

During the year ended January 31, 2018, the Company issued a total of 9,375,746 common shares on the exercise of 9,375,746 share purchase warrants. The Company received total gross proceeds of $789,699. In connection with this exercise of warrants, the Company reclassified $6,728 from share-based payment reserve to common shares, being the fair value related to certain warrants exercised.

During the year ended January 31, 2018, the Company issued a total of 1,718,750 common shares on exercise of the same number of options. The Company received cash consideration of $80,700, $750 in receivable (Note 6) (subsequently received), and settlement of $26,600 outstanding payables, for a total value of $108,050. In connection with this exercise of options, the Company reclassified $124,859 from share-based payment reserve to common shares, being the fair value related to those exercised options.

Year ended January 31, 2017

On March 23, 2016, the Company issued 3,750,000 common shares at a fair value of $75,000 as part of the acquisition for the Hot Bath project, and a further 375,000 common shares at a fair value of $7,500 for finders' fees (Note 8).

On October 28, 2016, the Company issued 125,000 common shares at a fair value of $7,000 as part of the acquisition for the Hazelton property in British Columbia (Note 8).

(Expressed in Canadian dollars)

10. SHARE CAPITAL *- continued*

c) Private Placements and Share Issuances *- continued*

On October 28, 2016, the Company issued 13,000,000 units at $0.056 per unit for gross proceeds of $728,000. Each unit consists of one common share and a half share purchase warrant. Each share purchase warrant entitles the holder to purchase a common share of the Company at $0.10 per share for a period of one year. The Company incurred $36,834 in share issuance costs in relation to the share transactions above.

Warrants

The following is a summary of warrant transactions during the year ended January 31, 2018 and the year ended January 31, 2017:

	Year Ended January 31, 2018		Year Ended January 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning	6,500,000	$ 0.080	-	$ -
Issued	17,727,518	0.167	6,500,000	0.080
Exercised	(9,375,746)	0.084	-	-
Balance, ending	14,851,772	$ 0.181	6,500,000	$ 0.080

The following summarizes information about the warrants outstanding at January 31, 2018:

Expiry date	Exercise Price	Warrants outstanding	Weighted average remaining contractual life in years
April 7, 2019	$0.096	8,217,232	1.18
June 19, 2018	$0.280	10,000	0.38
June 9, 2019	$0.280	62,500	1.35
June 19, 2019	$0.280	618,750	1.38
June 27, 2019	$0.280	3,112,000	1.40
July 24, 2019	$0.280	1,373,000	1.48
July 26, 2019	$0.280	199,750	1.48
August 14, 2019	$0.304	1,258,540	1.53
Totals:	$0.181	14,851,772	1.30

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

During the year ended January 31, 2018, the Company granted 5,317,009 stock options directors, officers and consultants of the Company at a weighted average exercise price of $0.20 per common share for a period of two years. Of the total granted, 250,000 granted on September 17, 2017 vest as 25% on the date of grant and 25% every three months thereafter. All other options vested on the date of grant. The fair values of the options granted were determined to be $832,859 using the Black Scholes Option Pricing Model with the following assumptions: Risk-free rate of 0.65%-1.59%; Expected life of 2 years; Expected volatility of 142%-158% and dividend yield of nil. During the year ended January 31, 2018, the Company recognized share-based payment of $691,103 in statement of comprehensive loss and $141,756 was capitalized to exploration and evaluation assets.

(Expressed in Canadian dollars)

10. SHARE CAPITAL *- continued*

Stock options *- continued*

During the year ended January 31, 2017, the Company granted 2,612,500 stock options to directors, officers and consultants of the Company at an exercise price of $0.056 per common share for a period of two years. The fair values of the options granted were determined to be $98,632 using the Black Scholes Option Pricing Model with the following assumptions: Risk-free rate of 0.59%-0.69%; Expected life of 2 years; Expected volatility of 143%-148% and dividend yield of nil. During the year ended January 31, 2017, the Company recognized share-based payment of $98,362 in statement of comprehensive loss.

The following is a summary of stock option transactions during the year ended January 31, 2018 and January 31, 2017:

	Year Ended January 31, 2018			Year Ended January 31, 2017		
	Number of options	Weighted average exercise price		Number of options	Weighted average exercise price	
Balance, beginning	2,612,500	$	0.056	256,250	$	1.200
Issued	5,317,009		0.200	2,612,500		0.056
Exercised	(1,718,750)		0.063	-		-
Cancelled	-		-	(256,250)		(1.200)
Balance, ending	6,210,759	$	0.178	2,612,500	$	0.056

The following summarizes information about stock options outstanding at January 31, 2018:

Expiry date	Exercise Price	Options outstanding	Options exercisable	Weighted average remaining contractual life in years
September 1, 2018	$0.056	1,756,250	1,756,250	0.58
November 10, 2018	$0.056	312,500	312,500	0.78
February 14, 2019	$0.056	731,250	731,250	1.04
April 23, 2019	$0.068	250,000	250,000	1.22
May 16, 2019	$0.112	200,000	200,000	1.29
June 15, 2019	$0.248	260,759	260,759	1.37
August 9, 2019	$0.264	150,000	150,000	1.52
September 16, 2019	$0.315	2,550,000	2,425,000	1.62
Totals:	$0.178	6,210,759	6,085,759	1.18

Share-based payment reserve

Share-based payment reserve represents the fair value of stock options or warrants until such time that the share-based payments are exercised, at which time the corresponding amount will be transferred to share capital.

Flow-Through Premium Liability

The following is a continuity of the liability portion of the flow-through share issuances:

	$
Balance, January 31, 2017 and 2016	15,500
Flow-through premium liability	276,000
Settlement of flow-through share premium liability pursuant to qualified expenditure	(28,757)
Balance, January 31, 2018	262,743

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Chief Executive Officer, Chief Financial Officer, and Vice President, Exploration.

During the year ended January 31, 2018, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

a) Paid $174,000 (2017 – $17,200) in management fees to the president of the Company; and
b) Paid $28,875 (2017 – $55,000) in shared office and administrative fees to a company with an officer in common with the Company;
c) Paid $79,000 (2017 - $Nil) in directors fees;
d) Paid $53,750 (2017 - $Nil) in consulting fees;
e) Paid $153,045 (2017 - $Nil) in corporate development fees;
f) Paid $400,041 (2017 - $Nil) in share based payment expense;
g) Paid $128,150 (2017 - $Nil) in project management fees included in exploration and evaluation expenditures (Note 8); and
h) Paid $15,000 (2017 - $Nil) in administration and maintenance costs included in exploration and evaluation assets (Note 8).

The Company's key management personnel compensation is as follows:

	January 31, 2018 -$-	January 31, 2017 -$-
Management fees	174,000	17,200
Administration and maintenance capitalized to exploration and evaluation assets	15,000	-
Share-based payments	14,281	-
Share-based payments capitalized to exploration and evaluation assets	141,756	-
	345,037	17,200

As at January 31, 2018 included in accounts payable and accrued liabilities is $164,888 (2017 – $77,411) due to related parties.

12. INCOME TAXES

	2018 -$-	2017 -$-
Loss before income taxes	(1,112,077)	(558,724)
Expected income tax recovery	(289,140)	(145,268)
Non-deductible expenditures and other	(41,877)	90,268
Change in unrecognized deductible temporary differences	331,017	55,000
Net income tax recovery	-	-

(Expressed in Canadian dollars)

12. INCOME TAXES *- continued*

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

The significant components of the Company's deferred tax assets that have not been recognized as follows:

	2018 -$-	2017 -$-
Deferred tax asset:		
Exploration and evaluation assets	430,000	430,000
Non-capital loss carryforwards	1,663,000	1,184,000
Investment tax credit	25,000	25,000
Allowable capital losses	32,000	32,000
Investments held for sale	(179,000)	-
Undeducted share issue costs	41,000	10,000
Total	2,012,000	1,681,000

Significant components of the Company's temporary differences and unused tax losses are as follows:

	2018 -$-	Expiry date	2017 -$-
Investment tax credit	95,000	2029-2032	95,000
Allowable capital losses	122,000	No expiry date	122,000
Losses available for future periods	6,398,000	2027 to 2038	4,553,000
Exploration and evaluation assets	3,902,000	No expiry date	1,734,000
Share issue costs	157,000	2018 to 2021	42,000

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended January 31, 2018 include:

a) Issuing 562,500 common shares at a fair value of $115,500 as part of the acquisition for the More Creek project;

b) Issuing 500,000 common shares at a fair value of $48,500 as part of the acquisition for the Hazelton property; and

c) Capitalizing $141,756 in share-based compensation to exploration and evaluation assets.

Significant non-cash transactions during the year ended January 31, 2017 include:

a) Issuing 3,750,000 common shares at a fair value of $75,000 as part of the acquisition for the Hot Bath project, and a further 375,000 common shares at a fair value of $7,500 for finders' fees.

b) Issuing 125,000 common shares at a fair value of $7,000 as part of the acquisition for the Price Creek property in British Columbia.

14. SUBSEQUENT EVENTS

The Company issued 1,172,000 common shares upon exercise of 1,109,500 warrants and 62,500 stock options for gross proceeds of $121,512.

In March 2018, the Company issued 125,000 common shares and paid $15,000 cash as part of the acquisition of the More Creek project (Note 8).