Trifecta Gold Ltd.

Condensed Interim Financial Statements

For the six months ended

June 30, 2018

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Trifecta Gold Ltd.
#1016 – 510 West Hastings Street
Vancouver, British Columbia
V6B 1L8

August 22, 2018

To the Shareholders of
Trifecta Gold Ltd.

The attached condensed interim financial statements have been prepared by the management of Trifecta Gold Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

Dylan Arnold-Wallinger
Chief Executive Officer

	Note	**June 30, 2018 $**	December 31, 2017 $
Assets			
Current assets			
Cash		231,968	480,008
Receivables and prepayments	3	34,630	62,581
		266,598	542,589
Non-current assets			
Mineral property interests	4	2,065,480	1,912,034
Total assets		**2,332,078**	2,454,623
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		60,233	18,256
Accounts payable to related parties	7	29,730	40,578
Total liabilities		**89,963**	58,834
Shareholders' equity			
Share capital	5	3,689,426	3,679,426
Contributed surplus	5	230,909	130,398
Deficit		(1,678,220)	(1,414,035)
Total shareholders' equity		**2,242,115**	2,395,789
Total liabilities and shareholders' equity		**2,332,078**	2,454,623

Nature of operations and going concern	1
Event after the reporting period	11

Approved on behalf of the Board of Directors on August 22, 2018:

"Bruce J. Kenway" **Director** *"Graham Downs"* **Director**

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

Trifecta Gold Ltd.

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

For the three and six months ended June 30, 2018 and June 30, 2017

	Number of shares #	Share capital $	Contributed surplus $	Deficit $	Total Shareholders' equity $
January 1, 2017	15,500,001	1,550,001	-	(42,973)	1,507,028
Common shares issued for cash	6,500,000	650,000	-	-	650,000
Common shares issued for mineral properties	1,150,000	310,500	-	-	310,500
Loss and comprehensive loss for the period	-	-	-	(173,574)	(173,574)
June 30, 2017	23,150,001	2,510,501	-	(216,547)	2,293,954
January 1, 2018	30,565,001	3,679,426	130,398	(1,414,035)	2,395,789
Common shares issued for mineral properties	100,000	10,000	-	-	10,000
Share-based payments	-	-	103,222	-	103,222
Re-allocated on cancellation of options	-	-	(2,711)	2,711	-
Loss and comprehensive loss for the period	-	-	-	(266,896)	(266,896)
June 30, 2018	**30,665,001**	**3,689,426**	**230,909**	**(1,678,220)**	**2,242,115**

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

		Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Note	**$**	$	**$**	$
General and administrative expenses					
Administrative expenses		5,892	233	7,050	3,197
Insurance		4,400	867	8,800	867
Investor relations and shareholder information		19,572	-	32,836	2,829
Management, administrative and corporate development fees	7	1,848	15,076	4,038	29,527
Management, administrative and corporate development salarie	7	20,318	1,817	44,573	1,817
Office rent	7	7,500	2,500	15,000	2,500
Professional fees	7	21,138	54,757	44,399	88,515
Share-based payments	5	35,415	-	103,222	-
Transfer agent and filing fees		2,772	38,922	3,269	38,922
Loss before other items		**(118,855)**	(114,172)	**(263,187)**	(168,174)
Interest income		918	1,230	2,117	1,230
Property examination costs		(687)	-	(5,826)	(6,630)
Loss and comprehensive loss for the period		**(118,624)**	(112,942)	**(266,896)**	(173,574)
Loss per share					
Weighted average number of common shares outstanding					
- basic #	6	**30,619,946**	22,000,001	**30,592,625**	20,916,668
- diluted #	6	**30,619,946**	22,000,001	**30,592,625**	20,916,668
Basic loss per share $	6	**(0.00)**	(0.01)	**(0.01)**	(0.01)
Diluted loss per share $	6	**(0.00)**	(0.01)	**(0.01)**	(0.01)

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

Trifecta Gold Ltd.

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

For the six months ended June 30,

	Note	**2018**	2017
		$	**$**
Operating activities			
Loss and comprehensive loss for the period		(266,896)	(173,574)
Adjustments for:			
Share-based payments		103,222	-
Interest income received		(2,117)	(1,230)
Net change in non-cash working capital items	9	(20,345)	(1,322)
		(186,136)	(176,126)
Financing activities			
Issue of common shares for cash		-	650,000
		-	650,000
Investing activities			
Interest income received		2,117	1,230
Yukon mining exploration grant received		37,777	-
Mineral property acquisition costs		(42,743)	(81,445)
Deferred exploration and evaluation expenditures		(59,055)	(153,057)
		(61,904)	(233,272)
Net (decrease) increase in cash		(248,040)	240,602
Cash, beginning of period		480,008	100,000
Cash, end of period		**231,968**	340,602

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

1. Nature of operations and going concern

Trifecta Gold Ltd. (the “Company”) was incorporated on October 4, 2016 under the laws of the Province of British Columbia, Canada and was registered extra-territorially in the Yukon Territory on January 6, 2017. The Company’s head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company was a wholly owned subsidiary of Strategic Metals Ltd. (“Strategic”), until June 9, 2017, at which time Strategic’s ownership position was reduced to approximately 9.19% through a Plan of Arrangement, which concluded with each Strategic shareholder receiving one Trifecta common share for every four and one-half Strategic common shares they owned as of May 31, 2017. The Company was listed on the TSX Venture Exchange (“TSX-V”) on June 15, 2017.

The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These condensed interim financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on property option or sale proceeds and share capital financing to cover its operating expenses.

As at June 30, 2018, the Company had working capital of $176,635 (December 31, 2017 - $483,755), which is only sufficient to cover general and administrative expenses to the end of 2018. Management has been attempting to raise additional capital, but to date has been unsuccessful. It will continue to seek the funding necessary to enable the Company to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital. If the Company is unable to raise additional funds in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of presentation

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company‘s annual audited financial statements for the year ended December 31, 2017, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these condensed interim financial statements be read in conjunction with the annual audited financial statements.

These condensed interim financial statements have been prepared on an historical cost basis, except for financial instruments, and have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. **Significant accounting policies** (continued)

(b) Significant accounting policies

Except as set out below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2018. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

(c) New accounting policy

The Company has adopted new accounting standard *IFRS 9 - Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 - Financial instruments: recognition and measurement*. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its financial instruments at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"), unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income.

Cash and trade receivables continue to be recorded at FVTPL and other receivables and loans, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method. Trade and other payables are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

(d) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2019. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Effective for annual periods beginning on or after January 1, 2019.

- New standard IFRS 16 - *Leases*

  IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. It is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

  The Company has no leases and has initially assessed that there will be no material reporting changes as a result of adopting the new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

  On June 7, 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company has not yet determined the extent of the impact of adoption of the Interpretation.

3. Receivables and prepayments

Receivables and prepayments consists of the following:

	June 30, 2018	December 31, 2017
	$	$
Prepaid expenses	22,033	17,626
Sales tax recoverable	2,338	7,178
Yukon mineral exploration grant receivable	10,259	37,777
	34,630	62,581

4. Mineral property interests

The Company's mineral property interests consist of exploration stage properties located in the Yukon Territory and British Columbia. The properties have been grouped into those which are wholly-owned projects, wholly-owned and under option and projects under option from other parties. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

Changes in the project carrying amounts for the six months ended June 30, 2017 and June 30, 2018 are summarized as follows:

	January 2017	**Acquisitions/ staking/ assessments**	**Exploration and evaluation**	**June 30, 2017**
	$	**$**	**$**	**$**
Wholly-owned projects				
Eureka	1,136,660	-	23,168	1,159,828
Treble	115,095	-	2,434	117,529
Triple Crown	214,143	2,679	15,514	232,336
Total	**1,465,898**	**2,679**	**41,116**	**1,509,693**
Wholly-owned and under option project				
Trident - wholly-owned claims				
Squid	64,306	61,282	21,354	146,942
Trident - under option				
CH Claims	-	40,500	5,578	46,078
Squid East	-	140,540	12,435	152,975
Squid West	-	146,944	6,702	153,646
	-	**327,984**	**24,715**	**352,699**
Total	**64,306**	**389,266**	**46,069**	**499,641**
Total all projects	**1,530,204**	**391,945**	**87,185**	**2,009,334**

4. Mineral property interests (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

	Eureka	Treble	Triple Crown	Trident	Total
Six months ended June 30, 2017	$	$	$	$	$
Field	1,301	-	714	1,117	3,132
Labour	20,926	2,434	9,291	37,752	70,403
Resource and environmental studies	-	-	5,374	-	5,374
Survey and consulting	-	-	-	7,200	7,200
Travel and accommodation	941	-	135	-	1,076
Total	**23,168**	**2,434**	**15,514**	**46,069**	**87,185**

	January 1, 2018 $	Acquisitions/ staking/ assessments $	Exploration and evaluation $	June 30, 2018 $
Wholly-owned projects				
Eureka	1,203,832	3,440	11,900	1,219,172
Handsome Jack	11,237	-	56	11,293
Treble	145,199	2,830	3,911	151,940
Triple Crown	268,245	2,678	6,349	277,272
	1,628,513	**8,948**	**22,216**	**1,659,677**
Wholly-owned and under option project				
Trident - wholly-owned claims				
Squid	206,679	-	5,463	212,142
Trident - under option				
CH Claims	76,842	-	233	77,075
	283,521	**-**	**5,696**	**289,217**
Projects under option				
Yuge	-	23,795	72,578	96,373
Eureka Dome	-	20,000	213	20,213
	-	**43,795**	**72,791**	**116,586**
Total all projects	**1,912,034**	**52,743**	**100,703**	**2,065,480**

4. Mineral property interests (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

Six months ended June 30, 2018	Eureka $	Handsome Jack $	Treble $	Triple Crown $	Trident $	Yuge $	Eureka Dome $	Total $
Assays	-	-	-	-	893	-	-	893
Field	606	56	-	182	706	4,132	-	5,682
Labour	11,294	-	7,822	11,526	3,491	12,901	213	47,247
Surveys and consulting	-	-	-	-	-	53,237	-	53,237
Travel and accommodations	-	-	-	989	606	2,308	-	3,903
	11,900	56	7,822	12,697	5,696	72,578	213	110,962
Less: Yukon mineral exploration grant	-	-	(3,911)	(6,348)	-	-	-	(10,259)
	11,900	56	3,911	6,349	5,696	72,578	213	100,703
Total	**11,900**	**56**	**3,911**	**6,349**	**5,696**	**72,578**	**213**	**100,703**

(a) Wholly-owned projects

By an agreement dated December 9, 2016, the Company agreed to purchase the Eureka, Treble and Triple Crown mineral properties from Strategic by issuing Strategic 14,500,000 of its common shares at a value of $0.10 per share, giving the transaction a total value of $1,450,000. The agreed amount approximated the cumulative acquisition and exploration costs incurred on the properties by Strategic.

Transactions between related parties take place at a fair market value, where such values can be determined. The purchased properties are in the exploration stage with no proven economic mineral reserves, so there was insufficient information to determine a fair value less cost to sell, or a value in use. Under IFRS 6, mineral property interests can be carried at cost until such time the properties become impaired. Given the properties were not and are not considered impaired, and given a fair value could not be determined, the Company used the cumulative property costs to Strategic as the transfer value of the properties.

(i) Eureka

The Eureka project consists of a 100% interest in the Eureka mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 11,250,000 common shares at $0.10 per share for an aggregate cost of $1,125,000. The claims are subject to a 1% net smelter return royalty (“NSR”).

(ii) Treble

The Treble project consists of a 100% interest in the LLL mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 1,150,000 common shares at $0.10 per share for an aggregate cost of $115,000. The claims are not subject to any royalty interests.

The Company has been approved to receive financial assistance from the Yukon Government on its LLL claims, which will reimburse the Company for one-half of its 2018 qualified exploration expenditures on the claims, to a maximum of $40,000. The Company has estimated it has earned $3,911 of the reimbursement, which has been recorded as a reduction of current year exploration expenditures.

4. Mineral property interests (continued)

(a) Wholly-owned projects (continued)

(iii) Triple Crown

The Triple Crown project consists of a 100% interest in the OOO mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 2,100,000 common shares at $0.10 per share for an aggregate cost of $210,000. The claims are not subject to any royalty interests.

The Company has been approved to receive financial assistance from the Yukon Government on its OOO claims, which will reimburse the Company for one-half of its 2017 qualified exploration expenditures on the claims, to a maximum of $40,000. The Company has estimated it has earned $6,348 of the reimbursement, which has been recorded as a reduction of current year exploration expenditures.

(iv) Handsome Jack

The Handsome Jack project consists of a 100% interest in the Never Sweat mineral claims located in the Golden Triangle region of British Columbia. The project was acquired in September 2017 for consideration of $5,000 cash. The claims are subject to a 1% NSR interest in all precious metals produced from the property. The Company has the right to purchase the NSR at any time for a consideration of $500,000 cash. See note 11 for details relating to a subsequent purchase agreement with StrikePoint Gold Inc.

(b) Wholly-owned and under option project

Trident

The Trident project consists of the Squid claims, which are wholly-owned, and the CH claims which are being acquired under an option agreement. The project also included the Squid East and West claims which were under option and later dropped and written-off as at the year ended December 31, 2017.

Wholly-owned Claims

The Squid claims are located in the Dawson Mining District, Yukon Territory, and were acquired by staking.

Under option Claims

(i) CH Claims

By an agreement dated December 8, 2016, and amended on April 27, 2017, the Company may acquire a 100% interest in the CH mineral claims located in the Dawson Mining District, Yukon Territory from Coureur Des Bois Ltee Ltd. ("Coureur"), for consideration of:

- The issuance of 1,500,000 common shares to Coureur as follows:
  - 150,000 shares upon completion of a TSX-V listing (issued June 15, 2017);
  - 150,000 shares on or before December 8, 2017 (issued December 8, 2017);
  - 200,000 shares on or before December 8, 2018;
  - 300,000 shares on or before December 8, 2019; and
  - 700,000 shares on or before December 8, 2020.

Upon completion of the agreement, the Company will attain a 100% interest in the claims and Coureur will retain a 2% NSR from any precious metal commercial production and a 1% NSR from any non-precious metal commercial production. The Company would have the right at any time to purchase one-half of the NSR for $1,000,000.

4. Mineral property interests (continued)

(b) Wholly-owned and under option project (continued)

Under option Claims (continued)

(ii) Squid East and West Claims

In December 2016, the Company entered into an option agreement to acquire up to a 75% interest in the Squid East and Squid West mineral claims located in the Dawson Mining District, Yukon Territory from Metals Creek Resources Corp. ("Metals Creek"). Under the agreement, the Company made a payment of $10,000 on January 10, 2017 and issued 1,000,000 common shares on June 15, 2017, at the market price on issue of $0.27 per share, for total share consideration of $270,000, and total proceeds of $280,000.

The agreement was terminated effective December 15, 2017 and the Company wrote-off the 2017 option and claims costs of $291,198 and the 2017 exploration costs of $677,826, for a total of $969,024.

(c) Projects under option

(i) Yuge

On February 27, 2018, the Company signed a letter of intent, which was subsequently replaced with a definitive agreement, to option from Silver Range Resources Ltd. ("Silver Range") up to a 75% interest in Silver Range's newly acquired Yuge property, which is located in the State of Nevada, USA.

For a 51% interest, the Company is required to:

- Reimburse Silver Range its staking and recording costs of approximately US$7,100 (paid Cdn. $9,591);
- Complete a US$1,000,000 work program on or before February 28, 2021;
- Pay Silver Range US$250,000 cash and/or shares at the Company's election, on or before February 28, 2021;
- Grant Silver Range a 1% NSR; and
- Grant Silver Range a success fee of US$1 per ounce, payable upon completion of a Preliminary Economic Assessment based on measured and indicated resources greater than 500,000 ounces.

For an additional 24% interest, the Company is required to:

- Complete an additional US$2,000,000 work program on or before February 28, 2023;
- Pay Silver Range US$500,000 cash and/or shares at the Company's election, on or before February 28, 2023; and
- Grant Silver Range an additional 1% NSR, which can be purchased for US$1,000,000 at any time prior to production.

Silver Range will act as the project operator for the first phase of exploration in return for a 10% management fee. Once fully vested a Joint Venture would be formed to continue exploration of the property. Should either party's interest be diluted to below 10%, it would be converted into a 1% NSR, half of which could be purchased for US$1,000,000.

(ii) Eureka Dome

On April 24, 2018, the Company signed an option agreement with Pacific Ridge Exploration Ltd. ("Pacific Ridge") to earn a 70% interest in the Eureka Dome property, located in the Dawson Mining District, Yukon Territory. To exercise the option, the Company will be required, in stages, to make payments totaling $200,000, issue a total of 1,000,000 shares, and incur a total of $2,500,000 in exploration expenditures on or before December 31, 2022, as follows:

4. Mineral property interests (continued)

(c) Projects under option (continued)

(ii) Eureka Dome (continued)

Cash payments:

- $10,000 upon obtaining exchange acceptance (paid May 11, 2018);
- An additional $10,000 on or before December 31, 2018;
- An additional $10,000 on or before December 31, 2019;
- An additional $20,000 on or before December 31, 2020;
- An additional $50,000 on or before December 31, 2021; and
- An additional $100,000 on or before December 31, 2022.

Share issuances:

- 100,000 shares upon obtaining exchange acceptance (issued May 11, 2018);
- An additional 100,000 shares on or before December 31, 2018;
- An additional 100,000 shares on or before December 31, 2019;
- An additional 200,000 shares on or before December 31, 2020;
- An additional 200,000 shares on or before December 31, 2021; and
- An additional 300,000 shares on or before December 31, 2022.

Exploration expenditures:

- $50,000 on or before December 31, 2018;
- An additional $200,000 on or before December 31, 2019;
- An additional $250,000 on or before December 31, 2020;
- An additional $500,000 on or before December 31, 2021; and
- An additional $1,500,000 on or before December 31, 2022.

The properties are subject to an area of mutual interest extending two kilometres from the borders of the properties.

Once fully vested, the Company and Pacific Ridge would enter into a joint venture agreement to continue exploration of the property. Should either party's interest be diluted to below 10%, it would be converted into a 1% NSR. The property is subject to a pre-existing 1% NSR to a third-party.

5. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the six months ended June 30, 2018:

The Company issued 100,000 common shares to Pacific Ridge under the option agreement for the Eureka Dome property (see note 4(c)(ii)), at the market value on issue of $0.10 per share, for an aggregate value of $10,000.

Transactions for the issue of share capital during the six months ended June 30, 2017:

(a) The Company issued 6,500,000 common shares to Strategic at a value of $0.10 per share for an aggregate value of $650,000.

(b) The Company issued 1,000,000 common shares to Metals Creek under the option agreement for the Squid East and West claims (see note 4(b)(ii)), at the market value on issue of $0.27 per share, for an aggregate value of $270,000.

(c) The Company issued 150,000 common shares to Coureur under the option agreement for CH claims (see note 4(b)(i)), at the market value on issue of $0.27 per share, for an aggregate value of $40,500.

5. Share capital (continued)

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above "Market Price" will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below "Market Price" will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

A summary of the status of the Company's stock options as at June 30, 2018 and December 31, 2017 and changes during the period/year then ended is as follows:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of period/year	2,405,000	0.25	-	-
Granted	-	-	2,405,000	0.25
Cancelled	(50,000)	0.25	-	-
Options outstanding, end of period/year	**2,355,000**	**0.25**	2,405,000	0.25

As at June 30, 2018, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
2,355,000	**1,766,250**	**0.25**	**4.16**	**August 25, 2022**

No stock options were granted during the six months ended June 30, 2018 or June 30, 2017.

On August 25, 2017, 2,405,000 stock options were granted to Officers, Directors, related company employees and consultants, with an exercise price of $0.25 per share until August 25, 2022. The options vest one-quarter every three months from the grant date. The fair value of the options on grant date was determined using the Black-Scholes option pricing model using the following weighted average assumptions: expected life of options - five years, stock price volatility – 73.59%, no dividend yield, and a risk-free interest rate yield of 1.51%. The fair value is particularly impacted by the Company's stock price volatility, which was determined using the volatility of similar resource exploration companies, as the Company does not have a five-year volatility history. Using the above assumptions, the fair value of options on grant date was $0.1041 per option for a total of $250,364.

The total share-based payment expense for the six months ended June 30, 2018 was $103,222 (2017 – $nil), which is presented as a general and administrative expense, and includes only the options that vested during the period.

During the six months ended June 30, 2018, 50,000 stock options (2017 – nil) were cancelled. As a result, the original share-based payment expense of $2,711 (2017 - $nil) has been reversed from contributed surplus and credited to deficit.

5. Share capital (continued)

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

A summary of the status of the Company's warrants as at June 30, 2018 and December 31, 2017, and changes during the period/year then ended is as follows:

	June 30, 2018		December 31, 2017	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
	#	$	#	$
Warrants outstanding, beginning of period/year	3,632,500	0.24	-	-
Private placement warrants issued	-	-	3,632,500	0.24
Warrants outstanding, end of period/year	**3,632,500**	**0.24**	3,632,500	0.24

As at June 30, 2018 the Company had private placement warrants outstanding and exercisable as follows:

	Warrants outstanding #	Weighted average exercise price $	Weighted average remaining life (years)	Expiry date
(1)	1,981,000	0.30	0.06	July 21, 2018
	151,500	0.30	0.15	August 23, 2018
	1,500,000	0.15	1.48	December 21, 2019
	3,632,500	0.24	0.65	

(1) Subsequent to June 30, 2018, these warrants expired unexercised.

Contributed surplus

Contributed surplus, includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled.

6. Loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2018 is based on the loss attributable to common shareholders of $266,896 (2017 - $173,574) and a weighted average number of common shares outstanding of 30,592,625 (2017 – 20,916,668).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

7. Related party payables and transactions

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence during the six months ended June 30, 2018 or June 30, 2017.

7. Related party payables and transactions (continued)

Effective June 16, 2017, Dylan Arnold-Wallinger, the Company's President and CEO became a direct employee of the Company. He was previously employed by Archer, Cathro & Associates (1981) Limited ("Archer Cathro"), which charged the Company for his monthly services. No other key management personnel or Directors receive salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days' notice. Key management personnel and Directors participate in the Company's stock option plan.

On August 25, 2017, 1,700,000 stock options were granted to key management personnel and Directors having a fair value on issue of $176,972. The options granted are exercisable at $0.25 each until August 25, 2022 and vest over a one-year period ending August 25, 2018.

The Company transacted with the following related parties:

(a) Archer Cathro is a geological consulting firm that is related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisitions, exploration, management, and office rent and administration.

(b) Glenn Yeadon is the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp"), which provides the Company with legal services.

(c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.

(d) Dylan Arnold-Wallinger is the Company's President and CEO. He provides the Company with management, administrative, corporate development and technical services.

The aggregate value of transactions and outstanding balances with related parties are as follows:

	Transactions 6 months ended June 30, 2018	Transactions 6 months ended June 30, 2017	**Balances outstanding June 30, 2018**	Balances outstanding December 31, 2017
	$	$	**$**	$
Archer Cathro				
- geological services	37,623	72,670	5,379	4,744
- office and administration	19,633	37,439	3,511	6,709
	57,256	110,109	8,890	11,453
Yeadon Law Corp	20,739	51,574	11,340	19,125
Donaldson Grassi	23,300	25,385	9,500	10,000
(1) Dylan Arnold-Wallinger	62,096	3,000	-	-
	163,391	190,068	**29,730**	40,578

(1) Includes geological services of $13,486 for the six months ended June 30, 2018 (2017 - $nil)

All related party balances are unsecured and are due within thirty days without interest.

The related party transactions do not include expense reimbursements or recoverable sales tax amounts that are included in the period-end related party payable balances.

7. Related party payables and transactions (continued)

The transactions with the key management personnel and Directors are included in general and administrative expenses as follows:

(a) Management, administrative and corporate development fees
- Includes charges by Archer Cathro for administrative and investor relations personnel.

(b) Management, administration and corporate development salaries

- Includes the portion of Dylan Arnold-Wallinger's salary related to management, administrative and corporate development services. The remainder of Dylan Arnold-Wallinger's salary is allocated to deferred exploration and evaluation expenditures and property examination for his project technical services.

(c) Office rent
- Charged by Archer Cathro.

(d) Professional fees
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corp.
- Includes the accounting services of the Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.

(e) Property examination costs
- Includes the portion of Dylan Arnold-Wallinger's salary in 2018 related to property examination and charges by Archer Cathro in 2017 for the services of Dylan Arnold-Wallinger while he was an employee of Archer Cathro.

8. 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 income taxes as follows:

	June 30, 2018	June 30, 2017
	$	$
Loss for the period before income taxes	(266,896)	(173,574)
Statutory Canadian corporate tax rate	27.00%	26.00%
Anticipated income tax recovery	72,062	45,129
Change in tax resulting from:		
Unrecognized items for tax purposes and other	(27,870)	-
Non-capital losses unrecognized	(44,192)	(45,129)
Income tax (expense) recovery	-	-

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

	June 30, 2018	December 31, 2017
	$	$
Mineral property interests	168,163	163,846
Non-capital loss carry forwards	137,511	83,690
Share issue costs	6,685	7,640
Tax benefit unrecognized	(312,359)	(255,176)
Net deferred income tax asset	**-**	-

8. Income taxes (continued)

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

As at June 30, 2018, the Company has unused non-capital losses of approximately $509,000 of which $43,000 expire in 2036, $305,000 in 2037 and $162,000 expire in 2038.

As at June 30, 2018, the Company has unclaimed resource deductions in the amount of $2,688,307 (December 31, 2017 – $2,529,035), which may be deductible against future taxable income.

As at June 30, 2018, there are share issue cost totaling $24,758 (December 31, 2017 – $28,295), which have not been claimed for tax purposes.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

9. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended June 30, 2018 and 2017 were comprised of the following:

	June 30, 2018 $	June 30, 2017 $
Receivables and prepayments	433	(18,452)
Accounts payable and accrued liabilities	(11,260)	5,989
Accounts payable to related parties	(9,518)	11,141
Net Change	**(20,345)**	(1,322)

The Company incurred non-cash financing and investing activities during the six months ended June 30, 2018 and 2017 as follows:

	June 30, 2018 $	June 30, 2017 $
Non-cash financing activities:		
Issue of share capital for option mineral property interests	10,000	310,500
Non-cash investing activities:		
Option of mineral property interest by issue of share capital	(10,000)	(310,500)
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	(10,259)	-
Deferred exploration expenditures included in accounts payable and related party payables	46,616	67,867
	26,357	(242,633)

During the six months ended June 30, 2018 and June 30, 2017, no amounts were paid for interest or income tax expenses.

10. Financial risk management

Capital management

The Company is a junior resource exploration company and considers items included in equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at June 30, 2018 is comprised of equity of $2,242,115 (December 31, 2017 - $2,395,789).

The Company currently has no source of revenues. In order to fund future projects and pay for general and administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets (see note 1).

Financial instruments - fair value

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
June 30, 2018				
Cash	**231,968**	**-**	**-**	**231,968**
December 31, 2017				
Cash	480,008	-	-	480,008

Financial instruments- risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivable exposure as its refundable credits are due from Canadian governments.

(b) Interest rate risk

The Company is not exposed to interest risk as it does not hold financial securities or debt that would be impacted by fluctuating interest rates.

10. Financial risk management (continued)

Financial instruments- risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(d) Market and currency risk

The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies. It is not exposed to currency risk because it does not deal in foreign currencies.

11. Event after reporting period

On August 8, 2018, the Company signed a property purchase agreement with StrikePoint Gold Inc. ("StrikePoint") to earn a 100% interest in the Handsome Jack project (note 4(a)(iv)). Pursuant to the purchase agreement, StrikePoint will acquire the project for consideration as follows:

- Cash payment of $25,000 within 3 business days of Exchange acceptance; and
- The issuance of 250,000 common shares within 3 business days of Exchange acceptance.

The Company will retain a 1% NSR on the project, one-half of which can be purchased by StrikePoint at any time for a cash payment of $500,000.

The agreement will terminate if it does not close on or before August 31, 2018.