



**CONSOLIDATED FINANCIAL STATEMENTS
FOR YEARS ENDED AUGUST 31, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ML Gold Corp.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of ML Gold Corp. as at August 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about ML Gold Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 20, 2017

ML GOLD CORP.
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

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ML GOLD CORP.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)**

	August 31, 2017	August 31, 2016
	\$	\$
ASSETS		
Current		
Cash	617,340	171,821
Amounts receivable (Note 3)	21,135	512,869
Prepaid expenses	18,533	5,853
Total current assets	657,008	690,543
Property and equipment (Note 4)	20,172	27,853
Exploration and evaluation properties (Note 5)	2,577,062	478,291
TOTAL ASSETS	3,254,242	1,196,687
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 9)	348,713	414,360
Flow-through premium liability (Note 7)	47,886	-
TOTAL LIABILITIES	396,599	414,360
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	36,539,657	33,824,738
Reserves (Note 8)	1,497,230	459,433
Deficit	(35,179,244)	(33,501,844)
TOTAL SHAREHOLDERS' EQUITY	2,857,643	782,327
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,254,242	1,196,687

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)**COMMITMENTS (Note 12)****SUBSEQUENT EVENTS (Note 15)**

Approved and authorized by the Board on December 20, 2017.

On behalf of the Board:

/s/ "Andrew Bowering"

Director

/s/ "Adrian Smith"

Director

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

ML GOLD CORP.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)**

	For the year ended August 31,	
	2017	2016
	\$	\$
Expenses		
Consulting fees (Note 9)	491,538	88,000
Depreciation (Note 4)	7,681	10,854
Investor relations	61,512	45,385
Office and administration (Note 9)	188,251	47,636
Professional fees	67,758	44,211
Property investigation costs (Note 9)	11,200	-
Share-based compensation (Notes 8 and 9)	856,413	-
Travel and related	30,122	2,857
	<u>(1,714,475)</u>	<u>(238,943)</u>
Interest income	471	-
Recovery (write-off) of exploration and evaluation properties (Note 5)	<u>(48,750)</u>	<u>153,105</u>
	<u>(48,279)</u>	<u>153,105</u>
Net loss and comprehensive loss for the year	<u>(1,762,754)</u>	<u>(85,838)</u>
Basic and diluted loss per share	<u>(0.03)</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding	<u>63,839,936</u>	<u>36,420,004</u>

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

ML GOLD CORP.**CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)**

	For the year ended August 31,	
	2017	2016
	\$	\$
Cash flows from operating activities		
Loss for the year	(1,762,754)	(85,838)
Items not affecting cash:		
Depreciation	7,681	10,854
Share-based compensation	856,413	-
Recovery (write-off) of exploration and evaluation properties	48,750	(153,105)
Changes in non-cash working capital items		
Amounts receivable	5,724	(20,843)
Prepaid expenses	(12,680)	(3,620)
Accounts payable and accrued liabilities	184,649	7,368
	(672,217)	(245,184)
Cash flows from investing activities		
Exploration and evaluation property expenditures	(2,340,817)	(212,821)
Proceeds received regarding mineral properties	-	214,000
	(2,340,817)	1,179
Cash flows for financing activities		
Proceeds from share issuances	2,974,631	113,990
Share issuance costs	(76,454)	-
Stock options exercised	167,626	-
Warrants exercised	392,750	-
	3,458,553	113,990
Net change in cash	445,519	(130,015)
Cash, beginning of the year	171,821	301,836
Cash, end of the year	617,340	171,821
Supplemental cash flow information		
Reclassification of warrants exercised	146,856	-
Reclassification of stock options exercised	231,267	-
Reclassification of cancelled stock options	85,354	-
Shares issued against outstanding accounts payable	57,000	-
Shares issued for acquisition of exploration and evaluation assets	-	23,750
Shares subscriptions receivable	-	486,010
Exploration and evaluation assets in accounts payable and accrued liabilities	109,318	302,614
Value of warrants issued in private placement	644,861	173,280

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

ML GOLD CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)**

	Number of Shares Issued	Share Capital	Reserves	Deficit	Total Shareholders' Equity
	#	\$	\$	\$	\$
Balance at August 31, 2015	36,391,999	33,374,268	504,865	(33,634,718)	244,415
Shares issued in private placement	10,000,000	426,720	173,280	-	600,000
Shares issued for exploration and evaluation properties	250,000	23,750	-	-	23,750
Stock options cancelled	-	-	(198,660)	198,660	-
Warrants cancelled	-	-	(20,052)	20,052	-
Loss for the year	-	-	-	(85,838)	(85,838)
Balance at August 31, 2016	46,641,999	33,824,738	459,433	(33,501,844)	782,327
Shares issued in private placement	20,415,420	1,852,874	644,861	-	2,497,735
Share issuance costs	-	(76,454)	-	-	(76,454)
Stock options cancelled	-	-	(85,354)	85,354	-
Stock options exercised	1,900,000	398,893	(231,267)	-	167,626
Stock options granted	-	-	856,413	-	856,413
Warrants exercised	3,691,667	539,606	(146,856)	-	392,750
Loss for the year	-	-	-	(1,762,754)	(1,762,754)
Balance at August 31, 2017	72,649,086	36,539,657	1,497,230	(35,179,244)	2,857,643

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

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR YEARS ENDED AUGUST 31, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE AND CONTINUANCE OF OPERATIONS

ML Gold Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MLG. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 2000 – 1177 West Hastings Street, Vancouver, BC, Canada, V6E 2K3.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2017, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 20, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR YEARS ENDED AUGUST 31, 2017 AND 2016
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

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

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

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

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

Economic recoverability and probability of future economic benefits of exploration and evaluation properties

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

ML GOLD CORP.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of estimates (Continued)

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

Valuation of share-based compensation

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

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Exploration and evaluation properties

Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition and exploration of exploration and evaluation properties are capitalized once the legal rights to explore the exploration and evaluation properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Restoration and environmental obligations (continued)

As at August 31, 2017 and 2016, there were no significant restoration and environmental obligations.

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of stock options, any amounts related to the initial value of the stock options, along with the proceeds from exercise are recorded to share capital. On expiration of stock options, the corresponding amounts related to the initial value of the stock options are transferred to deficit.

Financial instruments

Financial assets

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

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies amounts receivables as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

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

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

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial instruments (continued)

Financial liabilities

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

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities.

As at August 31, 2017 and 2016, the Company does not have any derivative financial assets and liabilities.

Warrants

The Company accounts for warrants issued as part of a unit offering financing using the relative fair value method. Under this method, the value of warrants issued is measured at fair value at the issue date using the Black-Scholes valuation model and recorded as share capital if and when the warrants are exercised.

Property and equipment

Property and 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 fiscal 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 profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Asset	Basis	%
Computer hardware	Declining balance	55%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 15,583,333 (2016 – 6,300,000).

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended August 31, 2017 and have not been applied in preparing these consolidated financial statements:

IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

3. AMOUNTS RECEIVABLE

	August 31, 2017	August 31, 2016
	\$	\$
Sales tax receivable	21,135	26,859
Share subscriptions receivable (Note 7)	-	486,010
	21,135	512,869

ML GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
Cost:				
At August 31, 2015, 2016, and 2017	29,462	24,740	101,524	155,726
Depreciation:				
At August 31, 2015	28,684	15,208	73,127	117,019
Charge for the year	429	1,906	8,519	10,854
At August 31, 2016	29,113	17,114	81,646	127,873
Charge for the year	193	1,525	5,963	7,681
At August 31, 2017	29,306	18,639	87,609	135,554
Net book value:				
At August 31, 2016	349	7,626	19,878	27,853
At August 31, 2017	156	6,101	13,915	20,172

5. EXPLORATION AND EVALUATION PROPERTIES

	Schefferville \$	Pinnacle Reef \$	Aspen \$	Palmetto \$	Total \$
Balance, August 31, 2015	1	-	-	-	1
Property acquisition costs	-	-	23,750	-	23,750
<i>Exploration expenditures:</i>					
Camp accommodation	-	30,537	-	-	30,537
Drilling	-	324,065	-	-	324,065
Equipment	-	53,738	-	-	53,738
Geological	-	46,200	-	-	46,200
Balance, August 31, 2016	1	454,540	23,750	-	478,291
Property acquisition costs	-	11,416	125,676	248,985	386,077
<i>Exploration expenditures:</i>					
Camp accommodation	-	21,297	-	-	21,297
Drilling	-	296,375	16,921	883,164	1,196,460
Equipment	-	15,724	-	-	15,724
Geological	-	206,635	45,990	337,631	590,256
Transportation	-	48,373	16,396	-	64,769
Total expenditures incurred	-	599,820	204,983	1,469,780	2,274,583
BC mineral exploration tax credit recoverable	-	(127,062)	-	-	(127,062)
Write-off of expenditures incurred	-	-	(48,750)	-	(48,750)
Balance, August 31, 2017	1	927,298	179,983	1,469,780	2,577,062

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5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Schefferville Properties

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSR's. In fiscal 2014, the Company wrote down the properties to \$350,000 based on the proceeds received from Tata Steel Minerals Canada Limited ("TSMC") as described below.

In September 2014, the Company entered into an agreement with TSMC in respect of roadway access and direct shipping iron ore exploration over the Company's Schefferville property located in Western Labrador. Pursuant to the agreement, the Company agreed to assist TSMC in obtaining surface rights for a roadway through the property to connect adjoining properties of TSMC. TSMC is solely responsible for all work, costs and expenses required to build the roadway and for continued use of roadway, including maintenance. Furthermore, TSMC also agreed on the following terms:

- Pay \$350,000 (received) to the Company on execution of the agreement;
- Incur \$450,000 of exploration costs no later than September 30, 2015 (incurred)

TSMC had the right to advise the Company on or before September 30, 2015 that they would enter into a joint venture agreement in connection with the Schefferville property. If TSMC should not wish to continue with certain exploration work or both parties not agree on a joint venture agreement, TSMC would pay \$200,000 to the Company in full satisfaction of its exploration commitment.

In March 2016, the Company entered into a final settlement agreement with TSMC whereby the \$200,000 was paid to the Company in monthly installments from March 2016 through to August 2016. During the year ended August 31, 2016, the Company incurred certain incidental costs on the properties of \$60,895 as well as recovering an additional \$14,000 resulting in a net recovery of \$153,105.

In April 2017, the Company entered into a binding letter of intent (the "LOI") with Accend Capital Corporation ("Accend") to sell 100% of the Company's Schefferville property. In consideration for the sale of Schefferville property, the Company would receive a series of cash payments and share issuances. The LOI called on the parties to enter into a definitive agreement and provided for a due diligence period ending May 31, 2017.

In May 2017, the Company terminated the LOI.

The Pinnacle Reef Property

In July 2016, the Company entered into a mineral property option agreement with Pacific Empire Minerals Corp. whereby the Company was granted the option to acquire up to a 70% interest in the Pinnacle Reef Property located in central British Columbia. Pursuant to the terms of the agreement, the Company can earn an initial 51% interest in the property over a four year option term by completing \$2,000,000 in exploration expenditures on the property and issuing 1,000,000 common shares of the Company as follows:

Expenditure deadline	Expenditure requirement (\$)	Share issuance requirement
July 28, 2017	(completed) 150,000	-
July 28, 2018	(completed) 250,000	200,000
July 28, 2019	600,000	300,000
July 28, 2020	1,000,000	500,000
Total Requirement	2,000,000	1,000,000

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5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**The Pinnacle Reef Property (continued)**

Upon completion of the 51% earn-in, the Company can earn an additional 19% interest in the property (for a total interest of 70%) by issuing an additional 500,000 common shares and incurring a further \$3,000,000 in property expenditures within two years.

Aspen Gold Property

In July 2016, the Company entered into an agreement (later amended in October 2016) with a related company (Note 9) to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. The related party will retain a 10% interest in the property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid).

In August 2016, the Company entered into a mineral property exploration rights and sales agreement with TTM Resources Inc. ("TTM") to purchase a 100% interest in three claims adjoining the south-eastern part of the Company's Aspen Property. Pursuant to the terms of the agreement, the Company must pay TTM \$25,000 (paid), issue 250,000 common shares (issued – Note 7) and grant TTM a 2% NSR on the property. The Company may reduce the NSR to 1.0% by paying \$500,000 to TTM. Pursuant to the exploration right granted under the agreement, the Company has the sole right to explore claims until November 30, 2017, at which time, it must make an offer regarding option, purchase or joint venture of the claims.

Subsequent to year end, the Company decided not to make an offer on the claims and, as at August 31, 2017, wrote-off the previously incurred acquisition costs of \$48,750.

Palmetto Property

In October 2016 (and amended September and December 2017), the Company entered into an option agreement to acquire a 100% right, title and interest to unpatented mining claims (the "Palmetto Project") located in Nevada. In order to exercise the option and acquire the Palmetto Project, the Company must complete the following:

Payment Date	Cash payment (US\$)
October 15, 2016	(paid) 50,000
December 14, 2016	(paid) 100,000
February 12, 2018	150,000
October 15, 2018	150,000
October 15, 2019	1,000,000
Total Requirement	1,450,000

Subsequent to the year end, the Company paid \$10,000 to extend the cash payment originally due October 15, 2017 to December 14, 2017. In addition, the Company paid an additional \$12,000 to extend the cash payment due December 14, 2017 to February 12, 2018.

Upon full payment of the option schedule above, the Company will acquire the Palmetto Project free and clear of any royalties.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2017	August 31, 2016
	\$	\$
Accounts payable	263,713	329,860
Accrued liabilities	85,000	84,500
	348,713	414,360

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7. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Issued share capital

On August 31, 2016, the Company closed a non-brokered private placement for gross proceeds of \$600,000 which consisted of the issuance of 10,000,000 units at a price of \$0.06 per unit. Each unit consisted of one common share and one half share purchase warrant. Each whole warrant is exercisable for a two year term at an exercise price of \$0.09 per warrant. The warrants were valued at \$173,280 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 0.58%, volatility of 201%, and nil forecasted dividend yield.

On August 31, 2016, the Company issued 250,000 common shares (valued at \$23,750) pursuant to the mineral exploration rights and sale agreement with TTM (Note 5).

On November 28, 2016, the Company closed a non-brokered private placement for gross proceeds of \$2,220,000 which consisted of the issuance of 18,500,000 units at a price of \$0.12 per unit. Each unit consisted of one common share and one half share purchase warrant. Each whole warrant is exercisable for a two year term at an exercise price of \$0.20 per warrant. The warrants were valued at \$644,861 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 0.70%, volatility of 220%, and nil forecasted dividend yield.

On July 6, 2017, the Company closed a non-brokered private placement of flow-through shares for gross proceeds of \$325,621 which consisted of the issuance of 1,915,420 shares at a price of \$0.17 per share. The flow-through common shares had an associated flow-through premium liability of \$47,886 on issuance.

8. RESERVES

Stock options

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

During the year ended August 31, 2016, 200,000 stock options expired unexercised and 330,000 stock options were forfeited and, as a result, \$198,660 was reclassified from reserves to deficit.

On September 2, 2016, the Company granted 3,350,000 five-year stock purchase options exercisable at \$0.10 per option valued at \$305,033 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 0.59%, volatility of 183%, and nil forecasted dividend yield. All options vested immediately on grant.

On December 15, 2016, the Company granted 200,000 five-year stock purchase options exercisable at \$0.15 per option valued at \$29,680 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.16%, volatility of 180%, and nil forecasted dividend yield. All options vested immediately on grant.

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8. RESERVES (continued)**Stock options (continued)**

On March 14, 2017, the Company granted 2,000,000 five-year stock purchase options exercisable at \$0.22 per option valued at \$429,400 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.07%, volatility of 180%, and nil forecasted dividend yield. All options vested immediately on grant.

On March 20, 2017, the Company granted 500,000 five-year stock purchase options exercisable at \$0.22 per option valued at \$92,300 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.03%, volatility of 180%, and nil forecasted dividend yield. All options vested immediately on grant.

During the year ended August 31, 2017, the Company issued 1,900,000 common shares in connection with the exercise of 1,900,000 stock options with a weighted average exercise price of \$0.09 for total proceeds of \$167,626. As a result, the Company transferred \$231,267 representing the fair value of the exercised share options from reserves to share capital. The Company also cancelled 425,000 stock options and, as a result, reclassified \$85,354 from reserves to deficit.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, August 31, 2015	1,830,000	0.06
Expired / Cancelled	(530,000)	0.06
Balance, August 31, 2016	1,300,000	0.06
Cancelled	(425,000)	0.09
Granted	6,050,000	0.15
Exercised	(1,900,000)	0.09
Balance, August 31, 2017	5,025,000	0.16

A summary of the stock options outstanding and exercisable at August 31, 2017 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.08	20,000	February 6, 2018
0.08	175,000	June 5, 2018
0.05	205,000	October 20, 2019
0.10	2,125,000	September 2, 2021
0.22	2,000,000	March 14, 2022
0.22	500,000	March 20, 2022
	<u>5,025,000</u>	

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8. RESERVES (continued)**Warrants**

During the year ended August 31, 2016, 1,000,000 warrants expired and as a result, \$20,052 was reclassified from reserves to deficit.

During the year ended August 31, 2017, the Company issued 3,691,667 common shares in connection with the exercise of 3,691,667 warrants with a weighted average exercise price of \$0.11 for total proceeds of 392,750. As a result, the Company transferred \$146,856 representing the fair value of the exercised warrants from reserves to share capital.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, August 31, 2015	1,000,000	0.05
Issued	5,000,000	0.09
Expired	(1,000,000)	0.05
Balance, August 31, 2016	5,000,000	0.09
Issued	9,250,000	0.20
Exercised	(3,691,667)	0.11
Balance, August 31, 2017	10,558,333	0.18

A summary of the warrants outstanding and exercisable at August 31, 2017 is as follows:

Exercise Price	Number Outstanding	Expiry Date
\$		
0.09	1,858,333	August 31, 2018
0.20	8,700,000	November 28, 2018
	<u>10,558,333</u>	

9. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by an officer and directors, to acquire a 90% interest in the Aspen Property (Note 5).

As at August 31, 2017, the Company has \$193,065 (August 31, 2016 - \$302,614) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors.

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9. RELATED PARTY TRANSACTIONS (CONTINUED)

Summary of key management personnel compensation:

	For the year ended August 31,	
	2017	2016
	\$	\$
Consulting fees	155,000	68,000
Share-based compensation	518,776	-
	673,776	68,000

In addition, the following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the year ended August 31,	
	2017	2016
	\$	\$
Exploration and evaluation property expenditures	478,533	481,040
Property investigation costs	11,200	-
Rent	63,000	36,000
	522,733	517,040

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the year ended August 31, 2017.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) **Currency risk**

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at August 31, 2017, the Company does not have significant net assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

b) **Credit risk**

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and amounts receivable is due from the Government of Canada. The Company's financial instrument related to the sales tax receivable is not exposed to significant credit risk.

c) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash.

d) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) **Commodity price risk**

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

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12. COMMITMENTS**Management Contracts**

In June and July 2013, the Company signed five separate consulting agreements with certain officers and directors of the Company to provide management consulting and exploration services to the Company for a period of 5 years. The agreements require total combined payments of \$60,000 per month. Included in each agreement is a provision for a two year payout in the event of termination without cause and a two year payout in the event of a change in control. Beginning in January 2014, the Company, and the officers and directors of the Company agreed to temporarily suspend the monthly payments for an indefinite period.

During the year ended August 31, 2016, the Company incurred a one-time payment of \$50,000 to a former director of the Company (who resigned in June 2016).

During the year ended August 31, 2017, all consulting agreements were terminated by mutual agreement of all parties involved.

13. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	As at August 31, 2017		
	Canada	US	Total
	\$	\$	\$
Property and equipment	20,172	-	20,172
Exploration and evaluation properties	1,107,282	1,469,780	2,577,062
	1,127,454	1,469,780	2,597,234

	As at August 31, 2016		
	Canada	US	Total
	\$	\$	\$
Property and equipment	27,853	-	27,853
Exploration and evaluation properties	478,291	-	478,291
	506,144	-	506,144

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14. INCOME TAX

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	For the year ended August 31,	
	2017	2016
	\$	\$
Loss before income taxes	(1,762,754)	(85,838)
Expected income tax (recovery)	(458,000)	(22,000)
Change in statutory, foreign tax, foreign exchange rates and other	(516,000)	(16,000)
Permanent difference	225,000	-
Share issue cost	(20,000)	-
Adjustment to prior years provision versus statutory tax returns	(214,000)	219,000
Change in unrecognized deductible temporary differences	983,000	(181,000)
Total deferred taxes	-	-

Significant components of unrecognized temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	As of August 31,			
	2017	Expiry dates	2016	Expiry dates
	\$		\$	
Exploration and evaluation properties	18,295,000	No Expiry	17,605,000	No Expiry
Property and equipment	259,000	No Expiry	251,000	No Expiry
Share issuance costs	63,000	2018 to 2020	88,000	2017 to 2019
Non-capital losses				
Canada	11,810,000	2031 to 2037	9,112,000	2031 to 2036
USA	22,000	2037	-	-

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

15. SUBSEQUENT EVENTS

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of mining claims in the Omineca Mining Division located in north central British Columbia (collectively, the "Stars Property").

The first agreement (the "First Agreement") is with Pacific Empire Minerals Corp., an arm's length party which currently owns 50% of the Stars Property. Under the terms of the First Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

- Making cash payments of \$10,000, and issuing 100,000 common shares upon TSX-V approval, and completing \$500,000 in expenditures on the property within the first year.
- Making cash payments of \$20,000, issuing 200,000 common shares on or before the first anniversary of TSX-V approval, and completing \$1,000,000 in expenditures on the property within the second year.
- Making cash payments of \$50,000, and issuing 300,000 common shares on or before the second anniversary of TSX-V approval, and completing \$3,000,000 in expenditures on the property within the third year.

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15. SUBSEQUENT EVENTS (CONTINUED)

The second agreement (the "Second Agreement") is with Divitiae Resources Ltd., a non-arm's-length party owned by a director of the Company, which currently owns 50% of the Stars Property. Under the terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

- Making cash payments of \$10,000, and issuing 200,000 common shares upon TSX-V approval.
- Making cash payments of \$20,000, issuing 400,000 common shares on or before the first anniversary of TSX-V approval.
- Making cash payments of \$50,000, and issuing 300,000 common shares on or before the second anniversary of TSX-V approval.
- Making cash payments of \$50,000, and issuing 1,000,000 common shares on or before the third anniversary of TSX-V approval.

The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined above.

The First Agreement and the Second Agreement are subject to their approval by the TSX-V.