



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2018
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

ML GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2018

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

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

	May 31, 2018	August 31, 2017
	\$	\$
ASSETS		
Current		
Cash	505,516	617,340
GST receivable	39,957	21,135
Prepaid expenses	214,601	18,533
Total current assets	760,074	657,008
Property and equipment (Note 3)	16,061	20,172
Exploration and evaluation properties (Note 4)	4,386,655	2,577,062
TOTAL ASSETS	5,162,790	3,254,242
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	638,838	348,713
Flow-through premium liability (Note 6)	213,027	47,886
TOTAL LIABILITIES	851,865	396,599
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	38,089,986	36,539,657
Reserves (Note 7)	1,904,684	1,497,230
Share subscriptions received (Note 6)	400,000	-
Deficit	(36,083,745)	(35,179,244)
TOTAL SHAREHOLDERS' EQUITY	4,310,925	2,857,643
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,162,790	3,254,242

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

Approved and authorized by the Board on July 30, 2018.

On behalf of the Board:

/s/ "Andrew Bowering"
Director

/s/ "Adrian Smith"
Director

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

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

	For the three months ended May 31,		For the nine months ended May 31,	
	2018 \$	2017 \$	2018 \$	2017 \$
Expenses				
Consulting fees (Note 8)	257,570	176,252	423,083	399,172
Depreciation (Note 3)	1,370	1,921	4,111	5,761
Investor relations	11,514	6,299	82,241	33,266
Office and administration	36,648	53,017	116,401	133,684
Professional fees	8,219	16,954	38,179	40,137
Property investigation costs	-	-	-	11,200
Share-based compensation (Note 7)	-	521,700	293,800	856,413
Travel and related	9,119	11,712	17,204	26,243
	<u>(324,440)</u>	<u>(787,855)</u>	<u>(975,019)</u>	<u>(1,505,876)</u>
Reversal of flow-through premium liability	-	-	47,886	-
Loss on settlement of debt	-	-	-	(16,340)
	<u>-</u>	<u>-</u>	<u>47,886</u>	<u>(16,340)</u>
Net loss and comprehensive loss for the period	<u>(324,440)</u>	<u>(787,855)</u>	<u>(927,133)</u>	<u>(1,522,216)</u>
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.02)</u>
Weighted average number of common shares outstanding	<u>88,135,263</u>	<u>70,020,623</u>	<u>80,935,652</u>	<u>61,123,867</u>

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

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

	For the nine months ended May 31,	
	2018	2017
	\$	\$
Cash flows from operating activities		
Loss for the period	(927,133)	(1,522,216)
Items not affecting cash:		
Depreciation	4,111	5,761
Share-based compensation	293,800	856,413
Reversal of flow-through premium liability	(47,886)	-
Loss on settlement of debt	-	16,340
Changes in non-cash working capital items		
GST receivable	(18,822)	16,022
Prepaid expenses	(196,068)	(25,287)
Accounts payable and accrued liabilities	130,123	111,332
	(761,875)	(541,635)
Cash flows from investing activities		
Exploration and evaluation property expenditures	(1,649,591)	(2,134,455)
Cash flows for financing activities		
Proceeds from share issuances	1,306,591	2,649,010
Share issuance costs	(27,949)	(74,076)
Share subscriptions received	400,000	-
Stock options exercised	30,000	162,625
Warrants exercised	591,000	397,750
	2,299,642	3,135,310
Net change in cash	(111,824)	459,220
Cash, beginning of the period	617,340	171,821
Cash, end of the period	505,516	631,041
Supplemental cash flow information		
Reclassification of warrants exercised	209,475	146,855
Reclassification of stock options exercised	27,330	231,268
Reclassification of expired stock options	22,632	-
Reclassification of cancelled stock options	-	85,354
Shares issued in debt settlement	-	57,000
Exploration and evaluation assets in accounts payable and accrued liabilities	269,320	42,023
Value of warrants issued in private placement	363,330	620,381
Value of warrants issued in shares for debt settlement	-	16,340

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

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

	Number of Shares Issued #	Share Capital \$	Reserves \$	Share subscriptions received \$	Deficit \$	Total Shareholders' Equity \$
Balance at August 31, 2016	46,641,999	33,824,738	459,433	-	(33,501,844)	782,327
Shares issued in private placement	18,025,000	1,542,619	620,381	-	-	2,163,000
Shares issued for debt settlement	475,000	57,000	16,340	-	-	73,340
Share issuance costs	-	(74,076)	-	-	-	(74,076)
Stock options cancelled	-	-	(85,354)	-	85,354	-
Stock options exercised	1,800,000	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 period	-	-	-	-	(1,522,216)	(1,522,216)
Balance at May 31, 2017	70,733,666	36,288,780	1,489,090	-	(34,938,706)	2,839,164
Shares issued in private placement	1,915,420	253,255	8,140	-	-	261,395
Share issuance costs	-	(2,378)	-	-	-	(2,378)
Loss for the period	-	-	-	-	(240,538)	(240,538)
Balance at August 31, 2017	72,649,086	36,539,657	1,497,230	-	(35,179,244)	2,857,643
Shares issued in private placement	11,323,677	720,473	363,330	-	-	1,083,803
Share issuance costs	-	(27,949)	9,761	-	-	(18,188)
Share subscriptions received	-	-	-	400,000	-	400,000
Stock options expired	-	-	(22,632)	-	22,632	-
Stock options exercised	300,000	57,330	(27,330)	-	-	30,000
Stock options granted	-	-	293,800	-	-	293,800
Warrants exercised	3,862,500	800,475	(209,475)	-	-	591,000
Loss for the period	-	-	-	-	(927,133)	(927,133)
Balance at May 31, 2018	88,135,263	38,089,986	1,904,684	400,000	(36,083,745)	4,310,925

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

ML GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2018
(UNAUDITED – 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 condensed interim 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 May 31, 2018, 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 condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on July 30, 2018.

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 condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting”, using accounting policies that are consistent and in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) that are in effect at May 31, 2018.

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

Basis of presentation

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

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's annual audited financial statements for the year ended August 31, 2017.

The Company's interim results are not necessarily indicative of its results for a full year.

Basis of consolidation

These condensed interim 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.

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

Use of estimates (Continued)

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.

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.

Accounting pronouncements not yet adopted

The Company has adopted the following accounting standards effective September 1, 2017 which have no significant impact on the condensed interim consolidated financial statements.

- Amendments to IAS 12, Income Taxes
- Amendments to IAS 7, Statement of Cash Flows

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended May 31, 2018 and have not been applied in preparing these condensed interim 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. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)**Accounting pronouncements not yet adopted (Continued)**

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. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration: addresses how to determine the 'date of the transaction' when applying IAS 21. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

3. PROPERTY AND EQUIPMENT

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
Cost:				
At August 31, 2016 and 2017, and May 31, 2018	29,462	24,740	101,524	155,726
Depreciation:				
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
Charge for the period	65	915	3,131	4,111
At May 31, 2018	29,371	19,554	90,740	139,665
Net book value:				
At August 31, 2017	156	6,101	13,915	20,172
At May 31, 2018	91	5,186	10,784	16,061

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4. EXPLORATION AND EVALUATION PROPERTIES

	Schefferville \$	Pinnacle Reef \$	Aspen \$	Stars \$	Palmetto \$	Total \$
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
Property acquisition costs	-	-	-	11,000	159,731	170,731
<i>Exploration expenditures:</i>						
Camp accommodation	2,027	-	-	-	-	2,027
Claim maintenance	8,800	-	-	-	-	8,800
Drilling	-	403,673	-	932,323	23,744	1,359,740
Equipment	-	27,874	-	-	-	27,874
Geological	-	18,025	2,547	143,050	64,764	228,386
Transportation	-	-	-	12,035	-	12,035
Balance, May 31, 2018	10,828	1,376,870	182,530	1,098,408	1,718,019	4,386,655

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.

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Schefferville Properties (Continued)

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

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 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) 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.

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.

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Palmetto Property**

In October 2016 (and amended September 2017, December 2017, and February 2018), 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
March 16, 2018	(paid) 90,000
March 4, 2019	100,000
March 3, 2020	100,000
March 4, 2021	1,000,000
Total Requirement	1,440,000

In October 2017, the Company paid \$10,000 to extend the cash payment originally due October 15, 2017 to December 14, 2017. In December 2017, the Company paid an additional \$12,000 to extend the cash payment due December 14, 2017 to February 12, 2018. In February 2018, the Company paid an additional \$10,000 to amend the Company’s obligations and due dates to pay the optionors.

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

Stars Property

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, approximately 40 kilometers south - southwest of Houston (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:

	Cash payment (\$)	Common shares	Expenditures (\$)
Upon TSX-V approval – June 5, 2018	(paid) 10,000	(issued 100,000 subsequently)	-
On or before June 5, 2019	20,000	200,000	(incurred) 500,000
On or before June 5, 2020	50,000	300,000	1,000,000
On or before June 5, 2021	-	-	3,000,000
Total Requirement	80,000	600,000	4,500,000

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Stars Property (Continued)

The second agreement (the “Second Agreement”) is with Divitiae Resources Ltd., a non-arm’s-length party owned by Adrian Smith, P. Geo, 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:

	Cash payment (\$)	Common shares
Upon TSX-V approval – June 5, 2018	(paid 10,000 subsequently)	(issued 200,000 subsequently)
On or before June 5, 2019	20,000	400,000
On or before June 5, 2020	50,000	300,000
On or before June 5, 2021	50,000	1,000,000
Total Requirement	130,000	1,900,000

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. Subsequent to May 31, 2018, the First Agreement and the Second Agreement were approved by the TSX-V.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2018	August 31, 2017
	\$	\$
Accounts payable	573,788	263,713
Accrued liabilities	65,050	85,000
	638,838	348,713

6. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Issued share capital

During the nine months ended May 31, 2018:

On December 28, 2017, the Company closed a private placement for gross proceeds of \$1,296,830 which consisted of the issuance of 5,841,600 non flow-through units (“NFT Unit”) at a price of \$0.10 per unit and 5,482,077 flow-through units (“FT Unit”) at a price of \$0.13 per unit. Finder’s fees totaling \$18,188 cash and 150,570 finder’s warrants were paid and issued in connection with the private placement financing. Each finder’s warrant entitles the holder to purchase one common share of the Company, whereas 104,370 and 46,200 finder’s warrants are exercisable at a price of \$0.18 and \$0.15 respectively, for a period of two years from closing. The finder’s warrants were valued at an aggregate of \$9,761 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield. The flow-through common shares had an associated flow-through premium liability of \$213,027 on issuance.

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6. SHARE CAPITAL (CONTINUED)

Issued share capital (Continued)

Each NFT Unit comprised of one common share of the Company and one full non-transferable warrant, which is exercisable into one common share at a price of \$0.15 for a period of two years. The warrants were valued at \$211,946 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield.

Each FT Unit comprised of one flow-through common share of the Company and one half of one non-transferable warrant, which is exercisable into one common share at a price of \$0.18 for a period of two years. The warrants were valued at \$151,384 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield. The FT Unit had an associated flow-through premium liability of \$213,027 on issuance.

As at May 31, 2018, the Company received share subscriptions totalling \$400,000 related to private placement completed subsequently (Note 12).

During the year ended August 31, 2017:

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. As at May 31, 2018, the flow-through premium liability was reversed and recorded as other income.

7. 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 nine months ended May 31, 2018, the Company issued 300,000 common shares in connection with the exercise of 300,000 stock options with a weighted average exercise price of \$0.10 for total proceeds of \$30,000. As a result, the Company transferred \$27,330 representing the fair value of the exercised share options from reserves to share capital. In addition, 20,000 stock options expired and, as a result, reclassified \$22,632 from reserves to deficit.

On January 11, 2018, the Company granted 2,000,000 five-year stock purchase options exercisable at \$0.11 per option valued at \$293,800 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.08%, volatility of 199%, and nil forecasted dividend yield. All options vested immediately on grant.

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7. RESERVES (CONTINUED)**Stock options (Continued)**

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. In addition, the Company granted 6,050,000 five-year stock purchase options with a weighted average exercise price of \$0.15 valued at 856,413 in aggregate estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, weighted average risk free interest rate of 0.80%, weighted average volatility of 181%, and nil forecasted dividend yield. All options vested immediately on grant.

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
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
Expired	(20,000)	0.08
Granted	2,000,000	0.11
Exercised	(300,000)	0.10
Balance, May 31, 2018	6,705,000	0.15

A summary of the stock options outstanding and exercisable at May 31, 2018 is as follows:

Exercise Price \$	Number Outstanding and Exercisable	Expiry Date
0.08	175,000	June 5, 2018
0.05	205,000	October 20, 2019
0.10	1,825,000	September 2, 2021
0.22	2,000,000	March 14, 2022
0.22	500,000	March 20, 2022
0.11	2,000,000	January 11, 2023
	6,705,000	

Warrants

During the nine months ended May 31, 2018, the Company issued 3,862,500 common shares in connection with the exercise of 3,862,500 warrants with a weighted average exercise price of \$0.15 for total proceeds of 591,000. As a result, the Company transferred \$209,475 representing the fair value of the exercised warrants from reserves to share capital.

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.

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7. RESERVES (CONTINUED)**Warrants (Continued)**

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price \$
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
Issued	8,733,209	0.16
Exercised	(3,862,500)	0.15
Balance, May 31, 2018	15,429,042	0.18

A summary of the warrants outstanding and exercisable at May 31, 2018 is as follows:

Exercise Price \$	Number Outstanding	Expiry Date
0.09	208,333	August 31, 2018
0.20	6,487,500	November 28, 2018
0.18	2,845,409	December 28, 2019
0.15	5,887,800	December 28, 2019
	<u>15,429,042</u>	

8. 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. As at May 31, 2018, the Company has \$528,270 (August 31, 2017 - \$193,065) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors.

Summary of key management personnel compensation:

	For the nine months ended May 31,	
	2018	2017
	\$	\$
Consulting fees	285,500	62,500
Share-based compensation	154,245	518,776
	439,745	581,276

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

	For the nine months ended May 31,	
	2018	2017
	\$	\$
Exploration and evaluation property expenditures	1,269,048	311,083
Property investigation costs	-	11,200
Rent	33,000	45,000
	1,302,048	367,283

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9. 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 nine months ended May 31, 2018.

10. 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, GST 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 May 31, 2018, 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 GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST 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.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

11. 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 May 31, 2018		
	Canada	US	Total
	\$	\$	\$
Property and equipment	16,061	-	16,061
Exploration and evaluation properties	2,668,636	1,718,019	4,386,655
	2,684,697	1,718,019	4,402,716

	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

12. SUBSEQUENT EVENTS

- a) On June 1, 2018, the Company entered into two management agreements with the CEO and director and the President and director of the Company. The agreements require total combined payments of \$20,000 per month for a period of 60 months.
- b) On June 1, 2018, the Company entered into a consulting agreement with a director to provide various advisory services requiring monthly payments of \$10,000 for a period of 60 months.
- c) On June 25, 2018, the Company issued 300,000 common shares in connection to the property option agreements for the Stars Property (Note 4).
- d) On June 29, 2018, the Company closed a non-brokered private placement financing of 12,737,500 non flow-through units ("June NFT Unit") at a price of \$0.08 per unit and 6,050,000 flow-through units ("June FT Unit") at a price of \$0.10 per unit for gross proceeds of \$1,624,000.
- Each June NFT Unit is comprised of one common share of the Company and one full non-transferable warrant, which is exercisable into one common share at a price of \$0.12 for a period of two years.
 - Each June FT Unit is comprised of one flow-through common share of the Company and one half of one non-transferable warrant, which is exercisable into one common share at a price of \$0.14 for a period of two years.

Finder's fees totalling \$38,160 cash, 357,000 non flow-through finder's warrants, and 296,000 flow-through finder's warrants were paid and issued in connection with the private placement financing, each non flow-through and flow-through finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.08 and \$0.10, respectively, for a period of two years from closing.

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12. SUBSEQUENT EVENTS (Continue)

- e) On July 20, 2018, the Company granted 3,990,000 stock options to certain officers, directors, consultants and employees of the Company for a term of five years exercisable at a price of \$0.09 per common share.