



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED NOVEMBER 30, 2017**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

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*Tres-Or trades on the TSX Venture Exchange under the symbol TRS*

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**TRES-OR RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Note	November 30, 2017	February 28, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 314,985	\$ 446,108
Marketable securities	3	30,422	23,789
Receivables	4	41,253	21,897
Prepaid expenses		258	-
<b>Total current assets</b>		<b>386,918</b>	<b>491,794</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	3,133,111	3,263,099
<b>Total non-current assets</b>		<b>3,133,111</b>	<b>3,263,099</b>
<b>TOTAL ASSETS</b>		<b>\$ 3,520,029</b>	<b>\$ 3,754,893</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 153,683	\$ 154,778
Accounts payable to related parties	8	227,362	409,022
Current loans payable	7	174,375	174,375
Exploration and evaluation advance received	6	-	64,589
Flow-through share premium liability	9	-	30,000
<b>Total current liabilities</b>		<b>555,420</b>	<b>832,764</b>
<b>TOTAL LIABILITIES</b>		<b>555,420</b>	<b>832,764</b>
<b>EQUITY</b>			
Share capital	9	16,373,322	16,252,234
Shares subscribed	9	-	(14,167)
Equity reserves	9	2,024,579	1,695,756
Accumulated other comprehensive income	3	16,728	10,095
Deficit		(15,450,020)	(15,021,789)
<b>TOTAL EQUITY</b>		<b>2,964,609</b>	<b>2,922,129</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 3,520,029</b>	<b>\$ 3,754,893</b>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 14)

Approved by the Board of Directors on January 25, 2018:

“Gareth E. Mason ”  
Director

“Laura Lee Duffett”  
Director

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

**TRES-OR RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Note	Three months ended		Nine months ended	
		November 30		November 30	
		2017	2016	2017	2016
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>					
Consulting fees		\$ -	\$ -	\$ 4,250	\$ -
Management fees	8	13,500	13,500	40,500	40,500
Office and miscellaneous		2,573	3,100	10,622	5,920
Professional fees	8	13,064	3,980	27,546	42,913
Transfer agent and regulatory fees		3,476	3,296	7,290	8,390
Travel and promotion	8	20,480	10,470	39,200	22,941
Share based payments	8	328,823	-	328,823	-
		(381,916)	(34,346)	(458,231)	(120,664)
Settlement of flow through share premium liabilities	9	-	-	30,000	-
<b>Loss for the period</b>		<b>(381,916)</b>	<b>(34,346)</b>	<b>(428,231)</b>	<b>(120,664)</b>
<b>OTHER COMPREHENSIVE LOSS</b>					
Unrealized gain (loss) on marketable securities	3	6,926	(3,916)	6,633	11,223
<b>Total comprehensive loss for the period</b>		<b>\$ (374,990)</b>	<b>\$ (38,262)</b>	<b>\$ (421,598)</b>	<b>\$ (109,441)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>106,892,968</b>	<b>101,134,634</b>	<b>106,260,240</b>	<b>100,101,543</b>

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

**TRES-OR RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Number of shares	Share Capital	Shares Subscribed	Equity Reserves	Accumulated Other Comprehensive Income	Deficit	Total
<b>Balance – February 29, 2016</b>	<b>94,874,634</b>	<b>\$ 15,994,077</b>	<b>\$ 14,833</b>	<b>\$ 1,695,756</b>	<b>\$ -</b>	<b>\$ (14,830,307)</b>	<b>\$ 2,874,359</b>
Private placements	6,260,000	156,500	(29,000)	-	-	-	127,500
Share issuance costs	-	(16,842)	-	-	-	-	(16,842)
Unrealized gain on marketable securities	-	-	-	-	11,223	-	11,223
Loss for the period	-	-	-	-	-	(120,664)	(120,664)
<b>Balance – November 30, 2016</b>	<b>101,134,634</b>	<b>\$ 16,133,735</b>	<b>\$ (14,167)</b>	<b>\$ 1,695,756</b>	<b>\$ 11,223</b>	<b>\$ (14,950,971)</b>	<b>\$ 2,875,576</b>
<b>Balance – February 28, 2017</b>	<b>104,134,634</b>	<b>\$ 16,252,234</b>	<b>\$ (14,167)</b>	<b>\$ 1,695,756</b>	<b>\$ 10,095</b>	<b>\$ (15,021,789)</b>	<b>\$ 2,922,129</b>
Private placement	2,300,000	115,000	-	-	-	-	115,000
Share issuance costs	-	(9,745)	-	-	-	-	(9,745)
Exercise of warrants	600,000	30,000	-	-	-	-	30,000
Return to treasury	(141,666)	(14,167)	14,167	-	-	-	-
Unrealized gain on marketable securities	-	-	-	-	6,633	-	6,633
Share based payments	-	-	-	328,823	-	-	328,823
Loss for the period	-	-	-	-	-	(428,231)	(428,231)
<b>Balance – November 30, 2017</b>	<b>106,892,968</b>	<b>\$ 16,373,322</b>	<b>\$ -</b>	<b>\$ 2,024,579</b>	<b>\$ 16,728</b>	<b>\$ (15,450,020)</b>	<b>\$ 2,964,609</b>

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



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**TRES-OR RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2017 AND 2016**  
**(Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Tres-Or Resources Ltd. (the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and evaluation of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company’s head office and registered office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7, Canada.

The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise indicated, which is the functional currency of the Company and its subsidiary.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has a working capital deficiency at November 30, 2017 of \$168,502 (February 28, 2017 - \$340,970) and a deficit of \$15,450,020 (February 28, 2017 - \$15,021,789). The Company has not generated revenue from operations; additional financing will be required in the foreseeable future to fund the Company’s established business plan. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company’s ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The significant accounting policies applied in these interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The significant accounting policies applied in these condensed consolidated interim financial statements are based on the IFRS issued and outstanding as of November 30, 2017.

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**TRES-OR RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly owned subsidiary, Tres-Or (Ghana) Limited which is incorporated in Ghana. All significant intercompany balances and transactions have been eliminated upon consolidation.

Name of subsidiary	Principal activity	Incorporation	Interest November 30, 2017	Interest February 28, 2017
Tres-Or (Ghana) Ltd.	Participating interest in profit sharing agreement (Note 5)	Ghana	100%	100%

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**Significant Accounting Estimates and Judgments**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. whether or not an impairment has occurred in its exploration and evaluation assets;
- ii. the inputs used in the accounting for share-based payments expense; and
- iii. the inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

*Critical accounting judgments*

Examples of significant judgments, apart from those involving estimation, include:

- the accounting policies for exploration and evaluation assets; and
- classification of financial instruments.

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**TRES-OR RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Significant accounting policies**

The accounting policies used in the preparation of these condensed consolidated interim financial statements are the same as those applied in the Company's most recent consolidated annual financial statements for the year ended February 28, 2017. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended February 28, 2017.

*New accounting standards and interpretation*

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements.

*New accounting policies not yet adopted*

Effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

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

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the statement of financial position, except those that meet the limited exception criteria.

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**3. MARKETABLE SECURITIES**

Marketable securities are recorded at fair market value as they are classified as available-for-sale financial instruments.

Marketable securities are comprised of the following:

	November 30, 2017			February 28, 2017		
	Common shares	Market value	Cost	Common shares	Market value	Cost
Arctic Star Exploration Corp.	6,945	\$ 972	\$ 50,000	6,945	\$ 799	\$ 50,000
Orla Mining (formerly Pershimco Resources Inc.)	19,000	29,450	67,250	19,000	22,990	67,250
Battery Mineral Resources Pty Ltd.	30,000	-	-	-	-	-
		\$ 30,422	\$ 117,250		\$ 23,789	\$ 117,250

During the period ended November 30, 2017, the Company recognized an unrealized gain on marketable securities of \$6,633 (2016 –\$11,223).

**4. RECEIVABLES**

The Company's receivables arise from two main sources: cost recoveries receivable and goods and services tax ("GST") and Quebec sales tax ("QST") receivable due from the Canadian taxation authorities.

	November 30, 2017	February 29, 2017
Cost recoveries receivable	\$ 40,714	\$ 21,524
GST and QST receivable	539	373
	\$ 41,253	\$ 21,897

**5. ADVANCES ON PROJECTS**

The Company, through its wholly owned subsidiary, entered into a profit sharing agreement with Warwick Mineral Resources Ltd. ("Warwick"), a private Ghanaian company whereby the two parties will collaborate in providing mining and related services to gold mining projects located in Ghana and will share in the net profits on a 50/50 basis. After the profit sharing agreement was signed, a director of Warwick was appointed as a director and officer of the Company's wholly-owned subsidiary.

As at February 28, 2014, the Company entered into promissory note agreements for advances of \$643,905 bearing interest at 12% per annum. These promissory notes are not secured and are repayable on demand. During the year ended February 28, 2015, the Company received a \$5,000 repayment.

As at February 28, 2017, the Company provided a full valuation allowance for the recovery of the advances and accrued interest. The Company will continue to pursue collection of the promissory notes.

**TRES-OR RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**6. EXPLORATION AND EVALUATION ASSETS**

	Fontana and Duvay Gold Projects, Quebec	Quebec Gold Projects, Quebec	Other Projects	Total
Balance, February 29, 2016	\$ 1,354,908	\$ 539,933	\$ 1,648,016	\$ 3,542,857
Expenditures				
Acquisition costs	50,420	18,522	982	69,924
Assays, staking, mapping	1,630	-	1,313	2,943
Drilling	12,716	-	-	12,716
Field work	-	4,500	-	4,500
Geological and geophysical	82,135	64,276	8,190	154,601
Office, miscellaneous and travel	14,431	6,888	4,696	26,015
	161,332	94,186	15,181	270,699
Cost recoveries	(151,783)	(6,366)	(2,308)	(160,457)
Option Payments	(280,000)	(110,000)	-	(390,000)
	(270,451)	(22,180)	12,873	(279,758)
Balance, February 28, 2017	1,084,457	517,753	1,660,889	3,263,099
Expenditures				
Acquisition costs	15,393	-	6,796	22,189
Assays, staking, mapping	172,110	-	256	172,366
Drilling	228,950	-	-	228,950
Field work	54,466	361	-	54,827
Geological and geophysical	219,076	34,743	3,000	256,819
Office, miscellaneous and travel	60,327	-	309	60,636
	750,322	35,104	10,361	795,787
Cost recoveries	(677,915)	1,013	1,127	(675,775)
Option payments	(150,000)	(100,000)	-	(250,000)
Balance, November 30, 2017	1,006,864	453,870	1,672,377	3,133,111

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its assets are in good standing.

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**TRES-OR RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2017 AND 2016**  
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**6. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

**a) Fontana and Duvay Gold Projects, Quebec, Canada**

On May 23, 2010, the Company signed an option agreement to earn up to a 100% interest in the Duvay property in Quebec which comprises 4 contiguous claims in Duvernay Township. The 4 claim property is subject to a GMR of 1.5% (where gold is US\$800 per ounce or less) and 2% (where gold is greater than US\$800 per ounce).

During the year ended February 28, 2013, the Company earned a 65% interest in the Duvay property. The company can earn a further 15% interest for a total 80% interest by incurring \$4,000,000 in exploration expenditures. The Company has the right to acquire the remaining 20% interest by effecting a merger, amalgamation or other form of business combination with the optionor, or the Company can purchase any or all of the 20% interest by paying the sum of \$1,000,000 for each 1% interest in the property to be purchased.

The Company has a 100% interest in additional claims known as the Duvay Nord and East Mac Sud properties that form part of the Duvay Gold Project. The optionor retains a 2.0% NSR and the Company has the right to purchase 1.0% of the NSR for \$1,000,000 and retains the first right of refusal to purchase the remaining 1.0% NSR.

During the year ended February 29, 2016, the Company and Secova Metals Corp. ("Secova") executed an option agreement to option up to a 90% interest in the Duvay Gold Project. Under the agreement, the Company grants to Secova the sole and exclusive right and option to acquire a 65% right, title and interest in and to the Duvay claims by paying to the Company the sum of \$500,000 and incurring \$3,750,000 in exploration expenses over a four year period. Secova can earn the full 90% of the property (an additional 25% ownership) by funding a pre-feasibility study and making aggregate expenditures of \$12,000,000 to bring the property towards production.

To earn the initial 65% interest in the project, Secova will be required to make the cash payments and exploration expenditures as follows:

- a. Secova pays the Company the sum of \$15,000 on execution of the term sheet (December 30, 2014) (received);
- b. Secova pays the Company the sum of \$60,000 on the date of execution of the Agreement (received);
- c. Secova pays the Company the sum of \$125,000 on the first anniversary of the execution of the term sheet (acknowledged received under the Amended and Restated Option Agreement of September 2016);
- d. Secova pays the Company the sum of \$300,000 on the second anniversary of the execution of the term sheet (acknowledged received as per the February 2017 Amendment Letter to the Agreement);
- e. Secova will incur \$500,000 in exploration during the 18 month period following the execution of the term sheet (deemed to have been satisfied under the Amended and Restated Option Agreement of September 2016);
- f. Secova will incur a further \$750,000 in exploration during the 24 month period following the execution of the term sheet (in progress);
- g. Secova will incur a further \$1,000,000 in exploration by the third anniversary of the execution of the term sheet; and
- h. Secova will incur a further \$1,500,000 in exploration by the fourth anniversary of the execution of the term sheet.

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**6. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

**a) Fontana and Duvay Gold Projects, Quebec, Canada (Cont'd)**

During the year ended February 28, 2017, the Company executed an Amended and Restated Option Agreement (the "Amended Agreement") to earn up to a 90% interest in the consolidated Duvay Gold Project. Under the Amended Agreement, the Company grants to Secova the sole and exclusive right and option to acquire an undivided 65% right, title and interest in the Duvay Gold Project by paying Tres-Or the sum of \$500,000 (received), and incurring \$3,250,000 in exploration expenses over a 36 month period. Under the new arrangements, the Company and Secova have consolidated the 105 Duvay claims and Secova transferred all interest in the 69 Chenier claims to the Company, forming a large and contiguous Duvay land package, where Secova will complete \$750,000 in exploration expenditures by the end of September 2017. Secova can earn an additional 25% ownership by funding a pre-feasibility study and making aggregate expenditures of \$12 million to bring the property towards production. Secova shall act as operator and in circumstances where Secova earns a 90% interest in the Duvay Gold Project, then the Company would revert to a 10% carried interest through to commercial production. In addition, Secova would grant to the Company the right to receive a resource payment (the "Resource Payment") based on the initial NI 43-101 compliant resource estimate on the claims. The Resource Payment will be equal to \$30 for each gold ounce equivalent categorized as "measured", \$25 for each gold ounce categorized as "indicated", and \$15 for each gold ounce categorized as "inferred" to be paid from proceeds of commercial production after deducting operating costs and other senior payments. If Secova chooses to remain at a 65% ownership interest, then a joint venture will be formed with the Company and the Resource Payment would be payable within 180 days of the joint venture formation.

In February 2017, the Company and Secova executed a Letter Agreement regarding the September 2016 Amended and Restated Option Agreement. Under the Amended Agreement, Tres-Or grants to Secova the sole and exclusive right and option to acquire an undivided 65% right, title and interest in the Duvay-Chenier Gold Project by paying to the Company the sum of \$500,000 (payment completed in April 2017), and incurring \$3,250,000 in exploration expenses over 36 months. Tres-Or and Secova consolidated the 105 Duvay claims and 69 Chenier claims into a large and contiguous land package, where Secova will complete \$750,000 in Exploration Expenditures by the end of September 2017 (work in progress). As per the Letter Agreement, Secova appointed Tres-Or Operator effective January 1, 2017 to advance the exploration and drilling programs planned. Tres-Or will provide logistical, technical and geologic services and reporting. Secova has agreed to pay an administrative fee equal to 10% of the Exploration Expenditures.

*Fontana Gold Project*

On November 9, 2011, the Company entered into an option agreement (the "Option") with Globex Mining Enterprises Inc. ("Globex") to acquire the interests of certain mineral claims in Quebec, being a 75% interest in 16 claims and a 100% interest in a further 7 claims, collectively known as the Fontana Gold Project ("Fontana"). The interests of Globex in Fontana are subject to a 3.0% Gross Metals Royalty ("GMR") and the 16 claims held by Globex as to 75% are also subject to a 15% Net Profits Interest ("NPI").

In order to exercise the option the Company is required to pay Globex \$400,000 (paid) and is required to purchase the NPI from Globex for a total of \$1,200,000, payable in increments over 84 months.

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**6. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

**a) Fontana and Duvay Gold Projects, Quebec, Canada (Cont'd)**

*Fontana Gold Project (Cont'd)*

During the year ended February 28, 2015, the Company and Globex made certain amendments to the Fontana Property Option Agreement dated November 9, 2011 which are subject to the satisfaction of certain conditions. The amended payment schedule under the Fontana NPI acquisition agreement terms is as follows:

- November 30, 2014 - \$50,000 cash payments (paid)
- November 30, 2015 - \$50,000 cash payments (paid)
- November 30, 2016 - \$50,000 cash payments (paid)
- November 30, 2017 - \$50,000 cash payments (paid subsequently)
- November 30, 2018 - \$50,000 cash payments
- November 30, 2019 - \$100,000 cash payments
- November 30, 2020 - \$200,000 cash payments
- November 30, 2021 - \$200,000 cash payments

During the year ended February 29, 2012 and February 28, 2013, the Company purchased additional Duvay Gold Project claims. Certain of the claims have various underlying royalties.

In April 2012, the Company entered into an option agreement with Merrex Gold Inc. ("Merrex"), wherein the Company was granted an option to acquire Merrex's 25% interest in 16 mineral claims in Duvernay Township, Quebec, forming part of the Fontana Gold Project. The claims are subject to a 15% NPI in favour of Globex. In order to exercise the option, the Company paid to Merrex a total of \$300,000 as at February 28, 2014 and was required to make the final payment of \$200,000 on or before April 16, 2013 (not paid) to complete the acquisition.

The Company was advised that Merrex elected to treat the option as terminated for non-payment and thus during the year ended February 28, 2015, the Company recorded a \$300,000 write-off in connection with this option agreement with Merrex.

During the year ended February 29, 2016, the Company and Merrex agreed to reinstate the option and the Company completed the acquisition of Merrex's 25% interest in 16 Fontana claims, and as consideration paid Merrex \$125,000 (included in the total consideration was \$25,000 reinstatement fee).

**b) Quebec Gold Projects, Quebec, Canada**

On December 20, 2010 the Company purchased the Destor claim block for an \$11,088 cash payment and issued 75,000 shares with a value of \$12,000 for a 100% interest. During the year ended February 29, 2016, the Company wrote-off acquisition costs of \$23,088 related to the Destor claims as all title had expired and the Company will not be pursuing this property any further.

On March 22, 2011, the Company entered into an agreement with the optionor to purchase the remaining 24% interest in the Quebec Gold projects in conjunction with the Duvay Nord and East Mac Sud claims outlined in note 6(b) below.

During the year ended February 29, 2012, the Company completed an option to acquire a 76% interest in several groups of project claims in Quebec.

During the year ended February 28, 2017, the Company entered into an agreement with Sementiou Inc. to purchase all of the 2.0% NSR interest in the Fabre claims as per the December 21, 2009 option agreement for \$15,000 (paid).

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**6. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

**b) Quebec Gold Projects, Quebec, Canada (Cont'd)**

During the year ended February 28, 2017, the Company entered into a Property Option Agreement (the "Agreement") with Battery Mineral Resources Pty Ltd. (the "Optionor") to acquire the Company's 100%-owned Fabre Cobalt-Silver Property. Under the terms of the Agreement, the Optionor can earn up to 100% of the Fabre Project over a two year period subject to a 2.0% Gross Metals Royalty ("GMR") in favour of the Company. The Optionor can buy back 1.0% GMR for \$1.0 million and buy-back the remaining GMR for \$1.5 million. To complete the Agreement, the Optionor paid a non-refundable deposit of \$5,000 and agreed to pay \$105,000 on signing of the formal Agreement (received). The Optionor has also committed to expend \$450,000 in exploration work over a 24 month period. In addition, 12 months after signing the Agreement, the Optionor has agreed to pay the Company \$100,000 and in 24 months, pay the Company a further \$100,000 and the Company will deliver the 100% transfer of title documents subject to retaining a 2.0% GMR.

In August 2017, the Company signed an Amendment to the Agreement to receive the first \$100,000 property payment on or before October 29, 2017 (received) and to receive 30,000 shares of Battery Mineral Resources (received).

**c) Other Projects**

The Company holds a 100% interest in certain mineral claims in the Notre Dame du Nord area of Quebec. Certain claims are subject to a 2.0% NSR. The Company may purchase 1.0% of the NSR for \$1,000,000 at any time prior to commercial production of any mineral discovered on the claims and also retains the First Right of Refusal to buy back the remaining 1.0% NSR. In addition, the Company agreed to deliver 100,000 common shares one day prior to commencement of commercial production subject to regulatory approval.

The Company has certain claims and holds an option to acquire a 100% interest in certain claims in the Porcupine Mining Division, Ontario. In addition, the Company has an interest in 2 mining licences in Sharpe and Savard townships, Ontario.

**7. LOANS PAYABLE**

On December 30, 2014, the Company received a non-interest bearing loan from WMJ Metals Ltd. ("WMJ"), a company controlled by a Director of the Company, in the amount of \$50,000 to complete the Globex acquisition (Note 6b). It is a demand loan and shall be repaid within 90 days of demand for repayment being made by WMJ. During the year ended February 28, 2017, the Company made a repayment of \$20,000. As at November 30, 2017, \$30,000 remained outstanding.

During the year ended February 29, 2016, the Company and WMJ entered into an agreement whereby WMJ advanced additional non-interest bearing funds totaling \$125,000 to finance the purchase of the Merrex Gold interest (Note 6b). The loan and the associated service charge of 5% (\$6,250) will be repaid by June 30, 2015 (not paid). Any balance of the loan outstanding after June 30, 2015 shall be subject to a further service charge of 10% (\$13,125). The Company shall pay any outstanding balance inclusive of service charges by November 30, 2015 (not paid).

On November 23, 2015, the Company and WMJ entered into an amended agreement whereby the maturity date of the loan and related service charges was extended to March 31, 2017 (not paid). No additional interest or service charges were incurred as a result of the extension.

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**8. RELATED PARTY TRANSACTIONS**

Accounts payable to related parties of \$227,362 (February 28, 2017 - \$409,022) consists of amounts due to a private company controlled by a director and to a law firm in which a director of the Company is a partner.

During the period ended November 30, 2017, the Company entered into the following transactions with related parties:

- (a) Incurred \$103,000 (2016 - \$53,920) to a company controlled by a director for geological services which have been capitalized to deferred exploration costs and incurred \$40,500 (2016 - \$40,500) to this company for management services. At November 30, 2017, there was \$202,767 (February 28, 2017 - \$348,087) owing to this company.
- (b) Incurred \$7,700 (2016 - \$18,948) in professional fees and \$8,421 (2016 - \$12,437) in share issuance costs to a law firm in which a director is a partner. At November 30, 2017, there was \$24,595 (February 28, 2017 - \$60,935) owing to this law firm.
- (c) Incurred \$8,500 (2016 - \$7,650) as automobile allowance (included in travel and promotion) to a private company controlled by a director.
- (d) As at November 30, 2017, the Company owed \$174,375 in loans payable (February 28, 2017 - \$174,375) to a company controlled by a director (Note 7).

During the period ended November 30, 2017, the Company granted 5,000,000 (2016 – nil) stock options with a fair value of \$234,874 (2016 - \$nil) to officers and directors of the Company.

**9. SHARE CAPITAL AND EQUITY RESERVES**

The authorized share capital of the Company consists of an unlimited number of common shares without par value and unlimited number of Class A preferred shares without par value.

During the period ended November 30, 2017, the Company closed a private placement consisting of 2,300,000 units at \$0.05 per unit for proceeds of \$115,000. Each unit is comprised of one common share and one warrant exercisable for two years, at a price of \$0.08. Share issuance costs of \$9,745 were paid in relation to the private placement.

During the period ended November 30, 2017, the Company issued 600,000 shares on the exercise of warrants and returned 141,666 shares to treasury.

During the year ended February 28, 2017, the Company closed two tranches of a private placement consisting of 6,260,000 units at \$0.025 per unit for proceeds of \$156,500 of which \$29,000 was received in fiscal 2016. Each unit is comprised of one common share and one warrant exercisable for two years, at a price of \$0.05 in the first year and \$0.10 in the second year. Share issuance costs of \$18,343 were paid in relation to the private placement.

During the year ended February 28, 2017, the Company closed a flow-through private placement consisting of 3,000,000 shares at \$0.05 per share for proceeds of \$150,000. The Company recorded a premium received on flow-through shares of \$30,000. During the period ended November 30, 2017, the Company recorded a settlement of flow through share premium liabilities of \$30,000 (2016 - \$nil).

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**9. SHARE CAPITAL AND EQUITY RESERVES (Cont'd)**

**Warrants**

Warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted average exercise price
Balance, February 29, 2016	3,300,000	\$ 0.05
Granted	6,260,000	0.05
Balance, February 28, 2017	9,560,000	\$ 0.07
Granted	2,300,000	0.08
Exercise	(600,000)	0.05
Balance, November 30, 2017	11,260,000	\$ 0.10

As at November 30, 2017, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
3,300,000	\$0.10	December 31, 2017*
5,260,000	\$0.10	April 14, 2018**
400,000	\$0.10	April 20, 2018***
<u>2,300,000</u>	\$0.08	May 9, 2019
11,260,000		

\*Exercise price is \$0.05 until December 31, 2016 and \$0.10 until December 31, 2017. Subsequent to November 30, 2017 these warrants expired unexercised.

\*\* Exercise price is \$0.05 until April 14, 2017 and \$0.10 until April 14, 2018.

\*\*\* Exercise price is \$0.05 until April 20, 2017 and \$0.10 until April 20, 2018.

**Stock options**

The Company has adopted a formal stock option plan which follows the TSX Venture Exchange ("TSX-V") policy under which it is authorized to grant options to officers, directors and employees to acquire up to 10% of issued and outstanding common stock. Under the plan, the exercise price of each option shall be fixed by the board of directors but shall be not less than the minimum price permitted by the TSX-V. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

A summary of the Company's outstanding share purchase options as at November 30, 2017 and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price
Balance – February 28, 2017 and 2016	-	\$ -
Granted	7,000,000	0.05
Outstanding and exercisable – November 30, 2017	7,000,000	\$ 0.05

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Additional information regarding stock options outstanding as at November 30, 2017 is as follows:

Exercise price	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price
\$ 0.05	7,000,000	3.85	\$ 0.05

The weighted average fair value of each stock option granted during the period ended November 30, 2017 was \$0.05, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended <u>November 30, 2017</u>	Period ended <u>November 30, 2016</u>
Risk-free interest rate	1.70%	-
Expected life of option	4 years	-
Expected dividend yield	0%	-
Expected stock price volatility	186.20%	-

Total share-based payments recognized for stock options granted during the period ended November 30, 2017 was \$328,823 (2016 - \$nil).

**10. MANAGEMENT OF CAPITAL**

The Company's capital structure consists of items in equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placement or debt financing.

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**11. FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, currency, interest rate, and price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

**Credit risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, marketable securities and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The Company's cash is held with major Canadian based financial institutions.

Receivables mainly consist of sales tax refunds due from the governments of Canada and cost recoveries receivable.

**Currency risk**

The Company operates mainly in Canada and holds a subsidiary in Ghana. The Company mitigates its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash is generally not exposed to interest rate risk because of its short-term maturity. The loan payable does not bear interest and is therefore not subject to interest rate risk.

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**11. FINANCIAL INSTRUMENTS (Cont'd)**

**Price Risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's investment in marketable securities is classified as available-for-sale and trade on the stock market. The Company closely monitors its marketable securities, stock market movements and commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**Fair Value**

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities, loan payable and accounts payable to related parties. The fair value of these financial instruments approximates their carrying values due to their short term to maturity. 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 fair value of cash and marketable securities are based on level 1 inputs of the fair value hierarchy.

**12. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions of the Company for the period ended November 30, 2017 were as follows:

- (a) Included in exploration and evaluation assets is \$109,396 which relates to accounts payable to related parties.
- (b) Included in accounts receivable is \$40,714 which relates to cost recoveries in exploration and evaluation assets.
- (c) Included in exploration and evaluation assets is \$197,244 which relates to accounts payable and accrued liabilities.

Significant non-cash transactions of the Company for the period ended November 30, 2016 were as follows:

- (a) Included in exploration and evaluation assets is \$47,290 which relates to accounts payable and accrued liabilities.
- (b) Included in exploration and evaluation assets is \$291,315 which relates to accounts payable to related parties.

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**14. SUBSEQUENT EVENTS**

Subsequent to November 30, 2017, the Company:

- Granted 3,600,000 stock options to consultants of the Company. The options have an exercise price of \$0.055 and a term expiring December 1, 2021; and
- Cancelled 500,000 stock options at an exercise price of \$0.05 and granted 500,000 stock options to consultants of the Company. The options have an exercise price of \$0.05 and a term expiring January 18, 2022.