

**SIENNA RESOURCES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

September 30, 2018

## **NOTICE OF NO AUDITOR REVIEW**

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended September 30, 2018 and 2017 have not been reviewed by the Company's external auditor.

**SIENNA RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	<b>ASSETS</b>	September 30, <u>2018</u>	December 31, <u>2017</u>
<b>Current assets</b>			
Cash and cash equivalents – Note 4		\$ 885,430	\$ 203,003
Receivables – Note 5		24,419	25,348
Prepaid expenses – Note 6		156,403	130,857
<b>Total current assets</b>		1,066,252	359,208
<b>Non-current assets</b>			
Investments – Note 7		413,000	413,000
Exploration and evaluation assets – Note 8		1,145,421	789,797
<b>Total assets</b>		\$ 2,624,673	\$ 1,562,005
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities – Notes 9 and 13		\$ 1,211,281	\$ 1,906,673
Interest payable – Note 10		1,503	1,316
Loans payable – Note 10		5,000	45,000
<b>Total current liabilities</b>		1,217,784	1,952,989
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital – Note 11		19,877,725	17,656,593
Reserves – Note 11		3,403,120	2,962,695
Share subscriptions received in advance – Note 11		-	174,000
Accumulated deficit		(21,873,956)	(21,184,272)
<b>Total shareholders' equity (deficiency)</b>		1,406,889	(390,984)
<b>Total liabilities and shareholders' equity (deficiency)</b>		\$ 2,624,673	\$ 1,562,005

Nature and Continuance of Operations (Note 1)  
Subsequent events (Note 8)

APPROVED BY THE DIRECTORS:

<i>“John Masters”</i>	Director	<i>“Jason Gigliotti”</i>	Director
John Masters		Jason Gigliotti	

**SIENNA RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Operating Expenses</b>				
Consulting	\$ -	\$ -	\$ 11,691	\$ -
Depreciation	-	141	-	423
Directors' fees – Note 13	-	-	5,000	5,000
Management fees – Note 13	30,000	30,000	90,000	90,000
Office and miscellaneous	16,379	14,140	52,121	38,475
Professional fees – Note 13	14,852	4,799	43,644	15,250
Shareholder information	8,380	7,390	23,383	7,390
Share-based payments – Notes 11 and 13	-	-	260,516	53,322
Transfer agent and filing fees	2,750	2,576	15,313	11,374
Corporate branding	31,293	494	173,685	9,628
Travel and miscellaneous	3,768	19,009	19,919	26,975
	(107,422)	(78,549)	(695,272)	(257,837)
Interest expense – Note 10	(63)	(63)	(187)	(187)
Interest income	2,337	-	5,775	-
Write-down of exploration and evaluation assets – Note 7	-	(12,290)	-	(253,737)
	2,274	(12,353)	5,588	(253,924)
<b>Net comprehensive loss for the period</b>	<b>\$ (105,148)</b>	<b>\$ (90,902)</b>	<b>\$ (689,684)</b>	<b>\$ (511,761)</b>
Loss per share – basic and diluted – Note 12	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted – Note 12	53,156,382	36,076,382	52,310,849	36,076,382

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

**SIENNA RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Nine months ended September 30,	
	<u>2018</u>	<u>2017</u>
<b>Operating Activities</b>		
Loss for the period	\$ (689,684)	\$ (511,761)
Adjustments for non-cash items:		
Accrued interest on loans payable	187	187
Depreciation	-	423
Share-based payments	260,516	53,322
Write-down of exploration and evaluation assets	-	253,737
Changes in non-cash working capital items:		
Receivables	929	4,832
Prepaid expenses	(25,546)	8,707
Accounts payable and accrued liabilities	(713,528)	145,641
	(1,167,126)	(44,912)
<b>Cash used in operating activities</b>		
<b>Investing Activities</b>		
Exploration and evaluation assets	(337,488)	(210)
	(337,488)	(210)
<b>Cash used in investing activities</b>		
<b>Financing Activities</b>		
Proceeds from loans	-	40,000
Loan repayment	(40,000)	-
Proceeds from issuance of share capital	2,364,000	-
Share issue costs	(136,959)	-
	2,187,041	40,000
<b>Cash provided by financing activities</b>		
Change in cash during the period	682,427	(5,122)
Cash, beginning of the period	203,003	18,618
<b>Cash, end of the period</b>	<b>\$ 885,430</b>	<b>\$ 13,496</b>

Supplemental Disclosure with Respect to Cash Flows (Note 15)

**SIENNA RESOURCES INC.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)  
(Expressed in Canadian Dollars)

	Share Capital		Share subscriptions received in advance	Reserves	Accumulated deficit	Total
	Number of shares	Amount				
<b>Balance, December 31, 2016</b>	36,076,382	\$ 16,880,593	\$ -	\$ 2,909,373	\$ (20,500,931)	\$ (710,965)
Stock options issued	-	-	-	53,322	-	53,322
Loss for the period	-	-	-	-	(511,761)	(511,761)
<b>Balance, September 30, 2017</b>	36,076,382	16,880,593	-	2,962,695	(21,012,692)	(1,169,404)
Share purchase warrants exercised	820,000	41,000	-	-	-	41,000
For exploration and evaluation assets	3,000,000	735,000	-	-	-	735,000
Share subscriptions received in advance	-	-	174,000	-	-	174,000
Loss for the period	-	-	-	-	(171,580)	(171,580)
<b>Balance, December 31, 2017</b>	39,896,382	17,656,593	174,000	2,962,695	(21,184,272)	(390,984)
Shares issued for private placement	12,500,000	2,500,000	(174,000)	-	-	2,326,000
Share issue costs	-	(136,959)	-	-	-	(136,959)
Share purchase warrants exercised	760,000	38,000	-	-	-	38,000
Stock options issued	-	-	-	260,516	-	260,516
Broker warrants issued for private placement	-	(179,909)	-	179,909	-	-
Loss for the period	-	-	-	-	(689,684)	(689,684)
<b>Balance, September 30, 2018</b>	53,156,382	\$ 19,877,725	\$ -	\$ 3,403,120	\$ (21,873,956)	\$ 1,406,889

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

**SIENNA RESOURCES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

September 30, 2018 – Page 1

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Sienna Resources Inc. (the “Company”) was incorporated on March 11, 1983, under the British Columbia Company Act. The Company is an exploration stage public company and is listed on the TSX Venture Exchange (“Exchange”). The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At September 30, 2018, the Company had exploration and evaluation assets located in Canada, Sweden and the USA.

The Company’s head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company’s registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At September 30, 2018, the Company had a working capital deficiency of \$151,532, had not yet achieved profitable operations and has an accumulated deficit of \$21,873,956 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

**2. BASIS OF PREPARATION**

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s most recently issued audited financial statements for the year ended December 31, 2017, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 29, 2018.

## 2. BASIS OF PREPARATION (continued)

### b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. The financial statements of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

All inter-company transactions, income and expenses have been eliminated upon consolidation.

### c) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the condensed consolidated interim financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of September 30, 2018 are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest September 30, 2018</b>	<b>Ownership Interest December 31, 2017</b>
Sienna Resources Sweden AB	Holding company	Sweden	100%	-
Sienna Resources (US) Inc.	Holding company	USA	100%	100%

## 3. NEW ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

### *IFRS 9 – Financial Instruments (“IFRS 9”)*

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments.

**3. NEW ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD (continued)**

The amended standard was adopted on January 1, 2018 and the impact to the Company's condensed consolidated interim financial statement will be to classify its investments to fair value through profit or loss which was previously classified as available for sale. Future changes in the fair value of investment will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

**4. CASH AND CASH EQUIVALENTS**

The Company's cash and cash equivalents are denominated in the following currencies and include the following components:

	September 30, <u>2018</u>	December 31, <u>2017</u>
Cash at bank in Canadian dollars	\$ 19,216	\$ 203,003
Cash at bank in Sweden krona	71,714	-
Short-term deposits	794,500	-
	<u>\$ 885,430</u>	<u>\$ 203,003</u>

**5. RECEIVABLES**

The Company's receivables comprise of goods and services tax ("GST") and value-added tax ("VAT") receivable due from government taxation authorities, and other receivables.

	September 30, <u>2018</u>	December 31, <u>2017</u>
Accounts receivable	\$ 5,282	\$ 15,209
GST recoverable	2,806	10,139
VAT recoverable	16,331	-
Total receivables	<u>\$ 24,419</u>	<u>\$ 25,348</u>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

**6. PREPAIDS**

The Company's prepaids are comprised of fees prepaid to vendors of the Company and include the following components:

	September 30, <u>2018</u>	December 31, <u>2017</u>
Corporate branding	\$ 153,623	\$ 129,990
Other prepaids	2,780	867
Total prepaids	<u>\$ 156,403</u>	<u>\$ 130,857</u>

## 7. INVESTMENTS

The Company's investments consist of an investment in 700,000 common shares of Andora Energy Corporation ("Andora"), a private company in the oil and gas industry in Alberta, Canada. These shares account for 0.7% of Andora's outstanding common shares as of September 30, 2018 and December 31, 2017.

## 8. EXPLORATION AND EVALUATION ASSETS

	QB Grand- Vallee N.	YK White Gold	Nevada Esmeralda Lithium Project	Nevada Clayton Valley Deep Basin Lithium Brine Project	Sweden Slatterberg Cobalt - Nickel - Copper Project	Total
<b>Balance, December 31 2016</b>	\$ 241,447	\$ 4,450	\$ 12,290	\$ 37,109	\$ -	\$ 295,296
Acquisition costs	-	-	-	-	735,000	735,000
Deferred exploration expenditures						
Claim maintenance fees	-	210	-	13,028	-	13,238
Write-down of exploration and evaluation assets	(241,447)	-	(12,290)	-	-	(253,737)
<b>Balance, December 31, 2017</b>	-	4,660	-	50,137	735,000	789,797
Deferred exploration expenditures						
Assay	-	-	-	-	5,127	5,127
Claim maintenance fees	-	210	-	12,555	-	12,765
Drilling	-	-	-	-	229,054	229,054
Field equipment & supplies	-	-	-	-	2,725	2,725
Geological consulting	-	-	-	-	14,200	14,200
Geological report	-	-	-	-	4,559	4,559
Reclamation	-	-	-	-	5,081	5,081
Sampling	-	-	-	-	32,650	32,650
Survey	-	-	-	-	37,447	37,447
Travel & misc	-	-	-	-	12,016	12,016
<b>Balance, September 30, 2018</b>	\$ -	\$ 4,870	\$ -	\$ 62,692	\$ 1,077,859	\$ 1,145,421

### Title to Mineral Property Interests

Title to exploration and evaluation asset interests involve 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 interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

### White Gold, Yukon – Staking

During the year ended December 31, 2009, the Company acquired a 100% interest in certain gold claims in the region of the White and Yukon Rivers for staking costs incurred of \$106,896.

During the years ended 2011, 2013 and 2015, the Company decided not to renew certain claims and allowed them to lapse when they became due. Prior acquisition costs of \$106,273 and exploration costs of \$114,319 associated with these lapsed claims were written off.

**8. EXPLORATION AND EVALUATION ASSETS (continued)**

White Gold, Yukon – Staking (continued)

The Company continues to hold a 100% interest in the remaining White Gold claims. As at September 30, 2018, the Company had spent a total of \$4,247 in exploration expenditures on the remaining claims of this property.

Clayton Valley Deep Basin Lithium Brine Project, Nevada, U.S.A. – Staking

In May 2016, the Company acquired a 100% interest in certain mineral claims of the Clayton Valley Deep Basin Lithium Brine Project in Nevada, U.S.A., for staking costs of \$23,609.

As at September 30, 2018, the Company had incurred a total of \$39,083 in claim maintenance fees on this property.

Slattberg Cobalt-Nickel-Copper Project, Sweden – Exploration and Option Agreement

In December 2017, the Company entered into an exploration and option agreement (the "Slattberg Agreement") with an arm's length party, a company organized under the laws of Sweden (the "Slattberg Vendor"). Pursuant to the Slattberg Agreement, the Slattberg Vendor granted an option (the "Option") to the Company to acquire the Slattberg Cobalt-Nickel-Copper Project in Sweden. In consideration, the Company is required to issue 3,000,000 common shares to the Slattberg Vendor within five business days upon Exchange approval (issued at a value of \$735,000) and spend at least \$500,000 in exploration expenditures on or before December 8, 2018, and such exploration expenditures shall include the drilling of at least 750 metres on the project. Subsequent to September 30, 2018, the Company entered into an Amendment with the Slattberg Vendor to extend the option period from December 8, 2018 to February 28, 2019.

Upon exercise of the Option, the Company shall issue to the Slattberg Vendor an additional 3,000,000 common shares.

The Slattberg Project is subject to a 3% net smelter return (NSR) royalty. Within six years of the execution of the Slattberg Agreement, the Company may purchase 0.5% of the NSR royalty for \$1,500,000, which is subject to Exchange approval.

From the date of the closing of the exercise of the Option, the Company will use commercially reasonable efforts to raise \$3,000,000 for development of the Slattberg Project and other activities. Once the Company has raised that amount, the Company will issue an additional 4,000,000 shares to the Slattberg Vendor, which is subject to Exchange approval.

As of September 30, 2018, the Company had incurred a total of \$342,859 in exploration expenditures on this property.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities recognized in the statement of financial position are as follows:

	September 30, <u>2018</u>	December 31, <u>2017</u>
Trade payables	\$ 1,198,567	\$ 1,875,659
Accrued liabilities	12,714	31,014
Total payables	<u>\$ 1,211,281</u>	<u>\$ 1,906,673</u>

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of their fair value.

**10. LOANS PAYABLE**

In September 2012, the Company arranged a loan from an arm's length party for a total principal amount of \$5,000, bearing 5% interest per annum and due on demand.

During the year ended December 31, 2017, the Company received loan advances totaling \$40,000 from a private company controlled by a director of the Company, bearing no interest and due on demand. During the nine months ended September 30, 2018, the Company fully repaid these loans.

As at September 30, 2018, \$5,000 (December 31, 2017: \$45,000) of principal and \$1,503 (December 31, 2017: \$1,316) of interest was outstanding relating to the loans.

**11. SHARE CAPITAL AND RESERVES**

**Authorized:** An unlimited number of common shares, without par value  
100,000,000 Class A preferred shares, par value \$10  
100,000,000 Class B preferred shares, par value \$50

**(a) Private placements**

*Nine months ended September 30, 2018*

In January 2018, the Company closed a private placement (the "Offering") consisting of 12,500,000 units at \$0.20 per share for gross proceeds of \$2,500,000, of which \$174,000 was received as at December 31, 2017. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.30 per share until January 16, 2023. The Company incurred filing fees of \$14,799, paid an aggregate finders' fees of \$122,160, and issued 610,800 broker warrants (the "Broker Warrants") in connection with the Offering. Each Broker Warrant is exercisable at \$0.30 per share into one common share until January 16, 2023. The Broker Warrants were valued at \$179,909, using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 209.6%, risk-free interest rate 1.99% and an expected life of five years.

**11. SHARE CAPITAL AND RESERVES (continued)**

**(a) Private placements (continued)**

*Nine months ended September 30, 2017*

The Company did not close any private placement during the nine months ended September 30, 2017.

**(b) Share purchase warrants**

The following is a summary of changes in share purchase warrants from December 31, 2016 to September 30, 2018:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, December 31, 2016	8,936,667	\$0.35
Exercised	<u>(820,000)</u>	\$0.05
Balance, December 31, 2017	8,116,667	\$0.38
Issued	13,110,800	\$0.30
Exercised	(760,000)	\$0.05
Expired	<u>(2,836,667)</u>	\$1.00
Balance, September 30, 2018	<u>17,630,800</u>	\$0.24

At September 30, 2018, the Company had 17,630,800 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
270,000	\$0.05	April 11, 2019
4,250,000	\$0.05	April 6, 2020
<u>13,110,800</u>	\$0.30	January 16, 2023
<u>17,630,800</u>		

**(c) Share-based payments**

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of grant.

**11. SHARE CAPITAL AND RESERVES (continued)**

**(c) Share-based payments (continued)**

The following is a summary of changes in share purchase options from December 31, 2016 to September 30, 2018:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable, December 31, 2016	803,000	\$0.47
Granted	3,000,000	\$0.15
Expired	<u>(3,803,000)</u>	\$0.22
Outstanding and exercisable, December 31, 2017	-	\$Nil
Granted	<u>3,000,000</u>	\$0.33
Outstanding and exercisable, September 30, 2018	<u>3,000,000</u>	\$0.33

At September 30, 2018, 3,000,000 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option at an exercise price of \$0.33 per share until February 16, 2019.

During the nine months ended September 30, 2018, the Company granted 3,000,000 stock options with an exercise prices at \$0.33 per share and an expiry date at February 16, 2019 (nine months ended September 30, 2017: 3,000,000 stock options were granted with an exercise price of \$0.15 per share and an expiry date at August 6, 2017). The weighted average fair value of the options issued during the nine months ended September 30, 2018 was estimated at \$0.09 per option (nine months ended September 30, 2017: \$0.02) at the grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Nine months ended September 30, 2018</u>	<u>Nine months ended September 30, 2017</u>
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility*	89.6%	67.7%
Weighted average risk-free interest rate	1.8%	0.7%
Weighted average expected term	1 year	0.5 years

\* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the nine months ended September 30, 2018 were \$260,516 (nine months ended September 30, 2017: \$53,322).

## 12. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Nine months ended September 30,	
	<u>2018</u>	<u>2017</u>
Net Loss	\$ (689,684)	\$ (511,761)
Weighted average number of common shares for the purpose of Basic and diluted loss per share	52,310,849	36,076,382

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 11) were anti-dilutive for the nine months ended September 30, 2018 and 2017.

The loss per share for the nine months ended September 30, 2018 was \$0.01 (nine months ended September 30, 2017: \$0.01).

## 13. RELATED PARTY TRANSACTIONS

### *Key management personnel compensation*

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the actions of the Company as a whole. Their remuneration includes the following:

	Nine months ended September 30,	
	<u>2018</u>	<u>2017</u>
Directors' fees	\$ 5,000	\$ 5,000
Management fees	90,000	90,000
Professional fees	39,811	7,500
Share-based payments *	<u>26,052</u>	<u>7,110</u>
	<u>\$ 160,863</u>	<u>\$ 109,610</u>

\* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

### *Related party balances*

At September 30, 2018, accounts payable and accrued liabilities include \$1,123,250 (December 31, 2017: \$1,778,556) payable to four directors of the Company, a private company controlled by a director of the Company, and a private company controlled by a former director of the Swedish subsidiary for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

**13. RELATED PARTY TRANSACTIONS (continued)**

As outlined in Note 10, during the year ended December 31, 2017, the Company received loan advances totaling \$40,000 from a private company controlled by a director of the Company. During the nine months ended September 30, 2018, the Company fully repaid these loans.

During the nine months ended September 30, 2018, the Company reimbursed a public company with a common director and an officer in the amount of \$Nil (nine months ended September 30, 2017: \$6,066) for the services provided by the Chief Financial Officer.

**14. SEGMENTAL REPORTING**

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's equipment is located in Canada and its exploration and evaluation assets are distributed by geographic location as follows:

	September 30, <u>2018</u>	December 31, <u>2017</u>
Canada	\$ 4,870	\$ 4,660
Sweden	1,077,859	735,000
U.S.A.	62,692	50,137
	<u>\$ 1,145,421</u>	<u>\$ 789,797</u>

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

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transaction was excluded from the statement of cash flows:

*Nine months ended September 30, 2018:*

- a) As at September 30, 2018, the Company accrued exploration and evaluation assets of \$18,136 in accounts payable and accrued liabilities.

*Nine months ended September 30, 2017:*

- b) As at September 30, 2017, the Company accrued exploration and evaluation assets of \$27,072 in accounts payable and accrued liabilities.