CORPORATION MINIERE
VAL-D'OR
MINING CORPORATION

Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Val-d'Or Mining Corporation:

Opinion

We have audited the financial statements of Val-d'Or Mining Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of net loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at December 31, 2018, the Company has an accumulated deficit of $3,564,614. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audits resulting in this independent auditor's report is Anand Beejan.

MNP SENCRL, srl [1]

Montréal, Québec

March 14, 2019

[1] CPA auditor, CA, public accountancy permit No. A126822

VAL-D'OR MINING CORPORATION
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		As at December 31, 2018		As at December 31, 2017
ASSETS					
Current assets					
Cash and cash equivalents	6	$	**627,208**	$	1,355,967
Sales taxes recoverable			**44,988**		14,145
Other assets	7		**21,287**		5,194
			693,483		1,375,306
Non-current assets					
Exploration and evaluation assets	8		**1,086,803**		42,229
TOTAL ASSETS		$	**1,780,286**	$	1,417,535
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	15	**$**	**15,943**	**$**	4,256
Due to related parties	15		**14,526**		104,761
Total liabilities			**30,469**		109,017
EQUITY					
Share capital	9		**3,733,656**		3,499,139
Shares to be issued	8		**416,667**		-
Contributed surplus			**462,772**		158,071
Warrants	10		**701,336**		609,030
Deficit			**(3,564,614)**		(2,957,722)
Total equity			**1,749,817**		1,308,518
TOTAL LIABILITIES AND EQUITY		$	**1,780,286**	$	1,417,535

Going Concern (Note 2)

On behalf of the Board of Directors,

"Glenn J. Mullan"
(signed Glenn J. Mullan)
Director

"Dr. C. Jens Zinke"
(signed C. Jens Zinke)
Director

The accompanying notes are an integral part of the financial statements.

VAL-D'OR MINING CORPORATION

Statements of Net loss and Comprehensive loss

(Expressed in Canadian Dollars)

	Notes		For the year ended December 31, 2018		2017
Operating expenses					
Share-based payments	11	$	**207,816**	$	-
Consulting fees			**92,608**		7,382
Office expenses			**59,440**		15,203
Salaries and other employee benefits			**53,108**		-
Travel and entertainment			**48,777**		6,429
Audit and accounting fees			**45,348**		48,808
Legal fees			**40,548**		39,242
Regulatory and transfer agent fees			**37,461**		38,832
Impairment of exploration and evaluation assets	8		**16,262**		52,666
Exploration and evaluation expenses			**2,562**		4,535
Settlement fee	15		**-**		60,000
Operating loss			**603,930**		273,097
Other expenses (income)					
Interest income			**(37)**		-
Interest expense			**2,966**		448
Foreign exchange loss (gain)			**33**		(44)
			2,962		404
Net loss and total comprehensive loss for the year		**$**	**606,892**	**$**	273,501
Basic and diluted net loss per common share	12	**$**	**(0.018)**	**$**	(0.015)
Weighted average number of common shares outstanding			**34,156,280**		18,451,283

The accompanying notes are an integral part of the financial statements.

VAL-D'OR MINING CORPORATION

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus	Warrants	Deficit	Total
		Number					
Balance as at January 1, 2018		**33,150,655**	**$ 3,499,139**	**$ 158,071**	**$ 609,030**	**$ (2,957,722)**	**$ 1,308,518**
Issuance of shares on exercise of stock options	9	**15,000**	**1,673**	**(698)**	**-**	**-**	**975**
Issuance of shares on settlement of debt	15	**857,142**	**90,000**	**-**	**-**	**-**	**90,000**
Issuance of units under a private placement	9	**2,318,180**	**162,694**	**-**	**92,306**	**-**	**255,000**
Share issue expenses		**-**	**(19,850)**	**-**	**-**	**-**	**(19,850)**
Share-based payments	11	**-**	**-**	**305,399**	**-**	**-**	**305,399**
Net loss and comprehensive loss for the year		**-**	**-**	**-**	**-**	**(606,892)**	**(606,892)**
Balance as at December 31, 2018		**36,340,977**	**$ 3,733,656**	**$ 462,772**	**$ 701,336**	**$ (3,564,614)**	**$ 1,333,150**

	Share capital		Contributed Surplus	Warrants	Deficit	Total
	Number					
Balance as at January 1, 2017	12,881,994	$ 2,557,466	$ 158,071	4,877	$ (2,689,098)	$ 31,316
Issuance of units under a public offering	13,800,000	1,022,222	-	357,778	-	1,380,000
Issuance of units under a private placement	5,353,461	248,212	-	134,763	-	382,975
Issuance of units as part of a finder's fee payment	225,200	14,638	-	11,262	-	25,900
Share issue expenses	-	(450,199)	-	105,227	-	(344,972)
Exercise of warrants	890,000	106,800	-	-	-	106,800
Expired warrants	-		-	(4,877)	4,877	-
Net loss and comprehensive loss for the year	-	-	-	-	(273,501)	(273,501)
Balance as at December 31, 2017	33,150,655	$ 3,499,139	$ 158,071	$ 609,030	$ (2,957,722)	$ 1,308,518

The accompanying notes are an integral part of the financial statements.

VAL-D'OR MINING CORPORATION

Statements of Cash Flows

(Expressed in Canadian Dollars)

		For the year ended December 31, 2018		2017
OPERATING ACTIVITIES				
Net loss for the year	**$**	**(606,892)**	$	(273,501)
Adjustments:				
Share-based payment		**207,816**		-
Impairment of exploration and evaluation assets		**16,262**		52,666
		(382,814)		(220,835)
Change in non-cash working capital items				
Sales taxes recoverable		**(30,843)**		(12,525)
Due to related parties		**(235)**		-
Other assets		**(16,093)**		(5,178)
Accounts payable and accrued liabilities		**11,688**		73,060
		(35,483)		55,357
Cashflows used by operating activities		**(418,297)**		(165,478)
INVESTING ACTIVITIES				
Additions to exploration and evaluation assets		**(560,721)**		(43,174)
Tax credits received		**14,134**		2,070
Cashflows used by investing activities		**(546,587)**		(41,104)
FINANCING ACTIVITIES				
Issuance of units under a public offering		**-**		1,380,000
Issuance of units under a private placement		**255,000**		382,975
Issuance of shares from exercise of warrants		**-**		106,800
Issuance of shares on exercise of stock options		**975**		-
Share issue expenses		**(19,850)**		(319,072)
Cashflows from financing activities		**236,125**		1,550,703
Increase (decrease) in cash		**(728,759)**		1,344,121
Cash and cash equivalents, beginning of year		**1,355,967**		11,846
Cash and cash equivalents, end of year	**$**	**627,208**	$	1,355,967

The accompanying notes are an integral part of the financial statements.

1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Val-d'Or Mining Corporation (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9.

On July 28, 2017, the Company changed its name from Nunavik Nickel Mines Ltd, trading under the symbol "KZZ" to Val-D'Or Mining Corporation, trading under the symbol "MZZ". Effective November 9, 2018, the Company changed its trading symbol to "VZZ".

As at December 31, 2018, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, held a 24.82% (2017 - $24.63%) interest in the Company.

The Board of Directors approved the audited financial statements for issue on March 14, 2019.

2) GOING CONCERN

These financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at December 31, 2018, the Company has an accumulated deficit of $3,564,614 (2017 - $2,957,722).

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

3) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and evaluation of financial statements

The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on a historical cost basis.

b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

c) Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas nonmonetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses are translated at the exchange rate in effect at the transaction date. Expenses settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of net loss and comprehensive loss.

d) Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in Canada.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in the statement of net loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in the statement of net loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in the statement of net loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Impairment of exploration and evaluation assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in the statement of net loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash generating units in prior year.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in the statement of net loss.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when: (a) there is constructive commitment that has resulted from past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At December 31, 2018 and 2017, there is no provision in the statement of financial position.

i) Income taxes

Tax expense recognized in the statement of net loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the statement of net loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in the statement of net loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

j) Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the transaction.

Unit placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised. Upon expiry, the fair value initially recorded under contributed surplus is transferred to deficit.

Warrants include fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

Deficit includes all current and prior period retained profits and losses. Deficit also includes charges related to warrants and stock options expired.

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the statement of net loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus or Share capital, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period.

Diluted loss per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

m) Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial instruments, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for ones that were recognized at the date of application, which was January 1, 2018. The change did not impact the carrying value of any financial instruments on this date.

a) Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets/Liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables at amortized costs	Financial asset at amortized costs
Other assets	Loans and receivables at amortized costs	Financial asset at amortized costs
Due to related parties	Other financial liabilities at amortized costs	Financial liabilitites at amortized costs
Accounts payable and accrued liabilities	Other financial liabilities at amortized costs	Financial liabilitites at amortized costs

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

b) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3) SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which is effective for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. As of January 1, 2018, the Company has adopted IFRS 15 and has concluded that, based on its current operations, the adoption of IFRS 15 had no impact on the Company's financial statements.

4) FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not yet been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 16 - Leases

In January 2016, the IASB published IFRS 16 –Leases, which will replace IAS 17 –Leases. This IFRS eliminates the classification of an operating lease and requires lessees to recognise a right-of-use asset and a lease liability for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, and largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. As of January 1, 2019, the Company has adopted IFRS 16 and has concluded that, based on its current operations, the adoption of IFRS 16 had no significant impact on the Company's financial statements.

4) FUTURE CHANGES IN ACCOUNTING POLICIES (continued)

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company is currently in the process of assessing the impact of IFRIC 23 on its financial statements

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to note 2 for further information.

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of net loss in the period when the new information becomes available.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

(Expressed in Canadian dollars unless otherwise noted)

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of stock options granted and the time of exercise of those stock options. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the stock options. The expected life of the stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Capitalization of administrative and other general overheads

A percentage of administrative and other general overheads is allocated and capitalized as part of the cost of Exploration and Evaluation assets. The percentage allocation represents the Company's best estimate of indirect costs applicable to the exploration and evaluation activities of the Company. These estimates may not necessarily be indicative of future actual patterns.

6) CASH AND CASH EQUIVALENT

		As at December 31, 2018		As at December 31, 2017
Cash	$	**597,208**	$	1,355,967
Demand deposits		**30,000**		-
	$	**627,208**	$	1,355,967

The deposit is due on demand and bears interest at 0.90% per annum and maturing on February 5, 2019.

7) OTHER ASSETS

		As at December 31, 2018		As at December 31, 2017
Prepaid insurance	$	**11,580**	$	5,178
Advance		**7,500**		-
Other		**2,207**		16
	$	**21,287**	$	5,194

(Expressed in Canadian dollars unless otherwise noted)

8) EXPLORATION AND EVALUATION ASSETS

The following table presents a summary of exploration and evaluation assets by prospects:

Prospect		As at December 31, 2018		2017
Abitibi Greenstone Belt Prospect - Québec and Ontario				
Oregon Prospect – Val-d'Or, Québec	$	**423,517**	$	7,652
Magoma Prospect – Val-d'Or, Québec		**386,760**		7,841
Ducros Sill Prospect – Val-d'Or, Québec		**174,337**		-
Baden Prospect - Ontario		**45,234**		8,767
Other Prospects - Québec		**20,830**		256
Other Prospects - Ontario		**7,621**		250
		1,058,299		24,766
Chibougamau-Chapais Prospect – Central Quebec		**-**		17,463
Other		**28,504**		-
	$	**1,086,803**	$	42,229

Abitibi Greenstone Belt Prospect - Québec and Ontario

On April 18, 2017, the Company signed a Mining Option Agreement ("Option") with Golden Valley to acquire a 100% interest in 61 grassroots properties in the Abitibi Greenstone Belt Prospect consisting of 484 mining claims. Pursuant to the terms of the Option, the Company must incur $4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with $500,000 to be incurred on or before December 31, 2018, $750,000 to be incurred on or before the December 31, 2019, $1,000,000 to be incurred on or before December 31, 2020, and $1,750,000 to be incurred on or before December 31, 2021).

As consideration for the Option, the Company will issue 16,666,668 common shares to Golden Valley at a deemed price of $0.12 per share for an aggregate deemed value of $2,000,000 (issuable as to 4,166,667 common shares on or before each of December 31, 2018, 2019, 2020 and 2021).

In addition, the Company has granted Golden Valley a royalty equal to 1.25% of the net smelter returns ("NSRs") from the 61 properties on the terms set out in the option agreement of which 1% may be bought back by the Company by paying Golden Valley $5,000,000, at the Company option, in cash or shares at a deemed price per share equal to the market price of the Company's shares at the time of such election. If the Company has issued the common shares and incurred the expenditures provided for in the option agreement, it may exercise the option on or before December 31, 2021.

(Expressed in Canadian dollars unless otherwise noted)

8) EXPLORATION AND EVALUATION ASSETS (continued)

Abitibi Greenstone Belt Prospect - Québec and Ontario (continued)

The Company has exceeded its obligation to incur $500,000 of expenditures on or before December 31, 2018 as required under the Option agreement. Consequently, subsequent to year end, the Company issued 4,166,667 of its common shares valued at $416,667 as required under the Option Agreement (note 20). The following table presents of a summary of expenditures relating to the Option Agreement with Golden Valley:

Abitibi Greenstone Belt Prospect - Québec and Ontario		As at December 31, 2018
Opening as at January 1, 2018	$	**24,766**
Acquisition and claim maintenance		29,165
Technical and field staff		69,912
Reporting		6,443
Geophysics		103,724
Airborne Geoph. Surveys		100,157
Remote Sensing Studies		5,600
Sampling and testing		875
Program management		115,806
Transportation and travel		595
Exploration Software		6,180
Aboriginal consultation		1,116
General expenses		47,512
Geology		130,039
Prospecting		7,172
Government assistance		(7,430)
Additions in 2018		**616,866**
Shares to be issued for mining rights		**416,667**
Total	$	**1,058,299**

Shoot-Out Prospect - Northern Québec

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 154 claims located in the Raglan Belt of northern Québec. The Company has a 100% ownership interest in this property that is subject to a 3% NSR in favor of the original vendors, one of which is a director and officer of the Company. The Company is currently evaluating a potential work program on this property.

8) EXPLORATION AND EVALUATION ASSETS (continued)

Chibougamau-Chapais Prospect - Central Québec

The Chibougamau-Chapais Prospect is located in the Chibougamau area in central Québec. The Company holds a 100% interest in this prospect. This prospect was impaired in the year ended December 31, 2018 as the Company was not planning any work in the near future.

Boston Bulldog Prospect - Kirkland Lake, Ontario

The Boston Bulldog Prospect is comprised of 15 claim cells located in Kirkland Lake, Ontario, in which the Company was granted an option to acquire a 100% interest.

On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017, January 19, 2018 and March 5, 2019, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by the president and director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of $5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur minimum mining operations expenditures of $50,000 by April 7, 2020. In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. $1,000,000 at any time on or before February 16, 2022.

In December 2016, the 3 mining claims expired and the Company attempted to re-stake the claims but was met with competition as they were staked by another party. However, the Company was of the opinion that the other party did not follow proper staking procedures on one of the claims. Consequently, the Company re-staked and submitted a claim dispute with the Ministry of Northern Development and Mines ("MNDM"). In September 2017, the Company decided to impair its Boston Bulldog Prospect. However, in November 2017, the Company received confirmation that the dispute filed was decided in favour of the Company and therefore had full title restored. Management believes that no reversal of impairment was required.

(Expressed in Canadian dollars unless otherwise noted)

8) EXPLORATION AND EVALUATION ASSETS (continued)

Marymac Prospect - Labrador Trough, Québec

The Marymac Prospect located in the Labrador Trough of Québec, consists of 22 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001. This prospect was impaired in the year ended December 31, 2016.

Fortin Prospect - Abitibi, Québec

The Fortin Prospect is located in the central part of Ducros Township, approximatively 80 kilometres northeast of the City of Val-d'Or, Québec, and consists of 5 contiguous mining claims. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at anytime; 0.5% buyback for $500,000 and 1% buyback for $1,000,000. This prospect was impaired in the year ended December 31, 2013.

The following table presents a summary of exploration and evaluation assets by expenditures:

	As at December 31, 2017	Additions	Impairment	Credits	As at December 31, 2018
Acquisition and claim maintenance	$ 1,305,690	$ 55,882	$ (3,366)	$ -	**$ 1,358,206**
Technical and field staff	7,913	72,245	(4,668)	-	**75,490**
Reporting	-	7,073	-	-	**7,073**
Geophysics	-	103,724	-	-	**103,724**
Airborne Geoph. Surveys	290,304	100,157	-	-	**390,461**
Remote Sensing Studies	-	5,600	-	-	**5,600**
Sampling and testing	623	875	(348)	-	**1,150**
Program management	7,359	118,595	(3,684)	-	**122,270**
Transportation and travel	-	1,080	(485)		**595**
Exploration Software	-	6,180	-	-	**6,180**
Aboriginal consultation	-	1,116			**1,116**
General expenses	946	47,512	(946)	-	**47,512**
Geology	-	131,093	(823)	-	**130,270**
Prospecting	31,657	7,172	(4,898)	-	**33,931**
Other (note 20)		416,666			**416,666**
Government assistance	(129,579)	-	2,956	(14,134)	**(140,757)**
Impairment	(1,472,684)	-	-	-	**(1,472,684)**
	$ 42,229	$ 1,074,970	$ (16,262)	$ (14,134)	**$ 1,086,803**

9) EQUITY

a) Share Capital

Authorized

Unlimited number of voting common shares without par value.

2018 transactions on share capital

Private placement

On October 18, 2018, the Company closed a non-brokered private placement pursuant to which it has issued 2,318,180 units at a price of $0.11 per unit for gross proceeds of $255,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of $0.15 until October 18, 2021.

The fair value of the 1,159,090 warrants was estimated at $0.0796 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 134.09%, a risk-free interest rate of 2.33%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of $0.11. As a result, the warrants were valued at $92,306 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

Settlement of debt

On October 1, 2010, the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley, pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in-house legal counsel for day to day general enquiries, services of a consultant and investors relations services to the Company in consideration of $96,000 per year, payable on a monthly basis, plus applicable taxes. However, Golden Valley suspended the management fees of Val-d'Or Mining in 2012 to enable the Company to conserve cash for operations. On January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which the Company agreed to terminate the Management Agreement, in exchange of a settlement fee of $60,000 payable by the Company as consideration for its failure to pay the management fees since the date of suspension of the Management Agreement.

On April 6, 2018, the Company announced that, subject to acceptance by the TSX Venture Exchange ("Exchange") and with the intent of preserving its cash resources for operations, it proposed issuing approximately 857,142 common shares at a deemed per share price of $0.105 in settlement of an aggregate of $90,000 in accrued debt owing to Golden Valley. Of the aforementioned debt to Golden Valley, $30,000 is an outstanding loan and $60,000 relates to consideration payable under the terms of a termination agreement entered into effective January 1, 2018. On April 30, 2018, the Exchange accepted the shares for debt submission.

9) EQUITY (continued)

Incentive stock option

On March 15, 2018, a total of 15,000 stock options were exercised at a price of $0.065 per share for total proceeds of $975.

2017 transactions on share capital

Warrants exercise

On February 3, 2017, a total of 890,000 warrants were exercised at a price of $0.12 per share for total proceeds of $106,800.

Private placement

On March 30, 2017, the Company closed a non-brokered private placement pursuant to which it issued 4,353,461 units at a price of $0.065 per unit for gross proceeds of $282,975. Each unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of $0.085 until March 30, 2019.

The fair value of the 4,353,461 warrants was estimated at $0.025 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 127.7%, a risk-free interest rate of 0.79%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of $0.08. As a result, the warrants were valued at $108,837 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, the Company issued an aggregate 225,200 common shares at a deemed per share price of $0.065 for $14,638 representing 8% of the purchase proceeds received from subscribers introduced to the Company by the finders and issued 225,200 non-transferable finders warrants entitling the purchase of an aggregate 225,200 common shares of the Company at a per share price of $0.085 until March 30, 2019, representing 8% of the number of units placed with the assistance of the finders. The related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the 225,200 non-transferable finders warrants with the following assumptions: an expected volatility of 127.7%, a risk-free interest rate of 0.79%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of $0.08. As a result, the warrants were valued at $11,262 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and regulatory fees in relation with the private placement for a total of $11,332.

On February 3, 2017, a total of 890,000 warrants were exercised at a price of $0.12 per share for total proceeds of $106,800.

9) EQUITY (continued)

On November 30, 2017, the Company closed a short form prospectus offering and a non-brokered private placement offering pursuant to which it has issued 14,800,000 units at a price of $0.10 per unit for gross proceeds of $1,480,000. Each unit consisted of one common share in the capital of the Company and one-half non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of $0.15 until November 30, 2020. The related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the 7,400,000 warrants with the following assumptions: an expected volatility of 134.9%, a risk-free interest rate of 1.41%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of $0.10. As a result, the warrants were valued at $383,704 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the short form prospectus offering, the Company paid a commission of $138,000, representing 10% of the gross proceeds and issued 1,380,000 non-transferable finders warrants entitling the purchase of an aggregate 1,380,000 units of the Company at a per unit price of $0.10 until November 30, 2020, representing 10% of the number of units issued. Each unit consists of one common share in the capital of the Company and one-half non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of $0.15 until November 30, 2020. The fair value of the 1,380,000 non-transferable finders warrants was estimated at $0.08 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 134.9%, a risk-free interest rate of 1.41%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of $0.10. As a result, the finders warrants were valued at $105,227 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees, regulatory fees and other fees in connection with the short form prospectus for a total of $164,490.

In connection with the non-brokered private placement offering, the Company incurred regulatory fees and other fees for a total of $5,250.

The expected volatility used above in the assumptions was determined by reference to historical data of the Company's shares over the expected average life of the warrants. No special features inherent to the warrants granted were incorporated into measurement of fair value.

(Expressed in Canadian dollars unless otherwise noted)

10) WARRANTS

The following table shows the changes in warrants for the years ended December 31, 2018 and 2017:

	2018			2017		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	**13,358,661**	**$**	**0.12**	1,291,250	$	0.12
Issued	**1,159,090**		**0.15**	13,358,661		0.12
Exercised	**-**		**-**	(890,000)		0.12
Expired	**-**		**-**	(401,250)		0.12
Outstanding, end of year	**14,517,751**	**$**	**0.12**	13,358,661	$	0.12

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	As at December 31, 2018			As at December 31, 2017		
Expiration date	**Number of outstanding warrants**		**Exercise price**	Number of outstanding warrants		Exercise price
March 30, 2019	**4,578,661**	**$**	**0.085**	4,578,661	$	0.085
November 30, 2020	**1,380,000**		**0.10**	1,380,000		0.10
November 30, 2020	**7,400,000**		**0.15**	7,400,000		0.15
October 18, 2021	**1,159,090**		**0.15**	-		-
	14,517,751	**$**	**0.12**	13,358,661	$	0.12

11) SHARE-BASED PAYMENTS

Stock option plan

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

(Expressed in Canadian dollars unless otherwise noted)

11) SHARE-BASED PAYMENTS (continued)

A summary of changes in the number of incentive stock options for the years ended December 31, 2018 and 2017 is presented as follows:

	2018			2017		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise pric
Outstanding, beginning of year	**565,000**	**$**	**0.070**	565,000	$	0.07
Granted	**3,110,097**		**0.110**	-		-
Exercised	**(15,000)**		**0.065**	-		-
Forfeited	**(30,000)**		**0.070**	-		-
Outstanding, end of year	**3,630,097**	**$**	**0.104**	565,000	$	0.07

On February 5, 2018, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 2,600,000 common shares at an exercise price of $0.105 per share. The options are exercisable for a period of 5 years until February 5, 2023. All options are exercisable immediately. The fair value of the 2,600,000 stock options has been estimated on the date of issue at $256,925, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: $0.11; expected dividend yield: nil; expected volatility:166.95%; risk-free interest rate: 2.03%; expected life: 5 years and exercise price at the date of grant: $0.105 per share. For the year ended December 31, 2018, an amount of $165,519 has been expensed and $91,406 has been capitalized to exploration and evaluation assets, respectively.

On October 24, 2018, the Company granted to its directors, officers, and consultants incentive stock options entitling the purchase of an aggregate 510,097 common shares at an exercise price of $0.11 per share. The options are exercisable for a period of 5 years until October 24, 2023. All options are exercisable immediately. The fair value of the 510,097 stock options has been estimated on the date of issue at $48,474, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: $0.11; expected dividend yield: nil; expected volatility: 146.79%; risk-free interest rate: 2.36%; expected life: 5 years and exercise price at the date of grant: $0.11 per share. For the year ended December 31, 2018, an amount of $42,297 has been expensed and $6,177 has been capitalized to exploration and evaluation assets, respectively.

The expected volatility used above in the assumptions was determined by reference to historical data of the Company's shares over the expected average life of the stock options. No special features inherent to the stock options granted were incorporated into measurement of fair value.

(Expressed in Canadian dollars unless otherwise noted)

11) SHARE-BASED PAYMENTS (continued)

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiration date	Number of options		Exercise price
April 3, 2019	45,000	$	0.065
November 20, 2019	50,699		0.080
May 16, 2021	424,301		0.065
February 5, 2023	2,600,000		0.105
October 24, 2023	510,097		0.110
	3,630,097	$	0.100

Restricted Share Unit Plan

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan will be adopted and implemented by the Company's Board upon receipt of acceptance by the TSX Venture Exchange. The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be decided at the grant date. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 1,288,199 common shares. The Company's RSU Plan was approved by the TSX Venture Exchange.

No restricted shares units were issued for the years ended December 31, 2018 and 2017.

(Expressed in Canadian dollars unless otherwise noted)

12) LOSS PER SHARE

Loss per share has been calculated using the weighted average number of common shares outstanding for the years ended December 31, 2018 and 2017 as follows:

	2018	2017
Net loss for the year	$ **(606,892)**	$ (273,501)
Weighted average number of common shares - Basic	**34,156,280**	18,451,283
Dilutive effect of stock options and warrants	**-**	-
Weighted average number of common shares - Diluted	**34,156,280**	18,451,283
Basic loss per share	$ **(0.018)**	$ (0.015)
Diluted loss per share	**(0.018)**	(0.015)

For the years ended December 31, 2018 and 2017, potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

13) INCOME TAXES

Major components of tax expense (recovery)

The major components of tax expense (income) for the years ended December 31, 2018 and 2017 are outlined below:

	2018	2017
Current tax expense (recovery)	$ -	$ -
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**(108,271)**	(72,323)
Deferred tax expense arising from the write-down of a deferred tax asset	**108,271**	72,323
	$ -	$ -
Total income tax expense (recovery)	**$ -**	**$ -**

(Expressed in Canadian dollars unless otherwise noted)

13) INCOME TAXES (continued)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of net loss can be reconciled as follows:

		2018		2017
Loss before income taxes	**$**	**(606,892)**	$	(273,501)
Expected tax expense (recovery) calculated using the combined Federal and Provincial income tax rate in Canada of 26.70% (26.80% in 2017):		**(162,040)**		(73,298)
Impact of change in tax rates		**1,715**		820
Share-based payments		**55,487**		-
Non-deductible expenses and other		**(3,433)**		155
Tax benefit not recognized		**108,271**		72,323
Deferred tax expense (recovery)	**$**	**-**	$	-

The Federal corporate tax of 15% in 2018 is the same as the corporate tax rate in 2017. The Québec general corporate tax rate will decrease from 11.90% to 11.50% beginning January 1 of each year from 2017 to 2020.

Unrecognized deferred tax assets and liabilities

As at December 31, 2018 and 2017, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

		2018				2017		
		Federal		**Provincial**		Federal		Provincial
Share issuance cost	$	**290,320**	$	**290,320**	**$**	368,813	$	368,813
Exploration and evaluation assets		**412,371**		**412,371**		392,798		392,798
Non-capital losses		**1,313,986**		**1,303,875**		843,135		840,766
	$	**2,016,677**	$	**2,006,566**	**$**	1,604,746	$	1,602,377

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2018, deferred tax assets totalling $531,620 ($424,983 at December 31, 2017) have not been recognized.

(Expressed in Canadian dollars unless otherwise noted)

13) INCOME TAXES (continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

		Federal		Provincial
2030	$	486	$	486
2031		76,270		76,270
2032		108,228		108,008
2033		61,553		61,553
2034		120,084		119,440
2035		91,040		89,579
2036		76,899		76,882
2037		308,575		308,550
2038		470,851		463,108
	$	1,313,986	$	1,303,876

The Company has investment tax credits carryover of $23,295 ($23,295 in 2017) that expire between 2031and 2033, which are available to reduce income taxes payable in future years.

14) ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the Statements of Cash Flows:

		2018		2017
Shares issued on settlement of debt	$	**90,000**	$	-
Accounts payable and accrued liabilities included in exploration and evaluation assets		**(10,960)**		(6,218)
Issuance of units as part of a finder's fee payment		**-**		25,900
Additions to exploration and evaluation assets through shares to be issued		**416,667**		-

15) RELATED PARTY TRANSACTIONS

a) Transactions with a shareholder

On January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which Golden Valley agrees to terminate the Management Agreement in exchange for a settlement fee of $60,000. As described in note 9, this amount, including the promissory note of $30,000, has been settled through the issuance of 857,142 common shares of the Company.

15) RELATED PARTY TRANSACTIONS (continued)

For the year ended December 31, 2018, Golden Valley recharged some expenses to the Company for a total amount of $122,304 (2017 - $25,046), $63,988 (2017 - $7,017) of which was capitalized as exploration and evaluation assets and the remaining $58,316 (2017 - $18,029) was recorded in the statement of net loss.

For the year ended December 31, 2018, the Company incurred consultant fees of $15,000 (2017 - $nil) from Golden Valley relating to the services of the Company's CFO.

During the year ended December 31, 2017, the Company signed a Mining Option Agreement with Golden Valley to acquire a 100% interest in 61 grassroots properties in the Abitibi Greenstone Belt Prospect consisting of 484 mining claims as described in note 8. Subsequent to year-end, the Company issued 4,166,667 of its common shares valued at $416,667 as required under the Option Agreement with Golden Valley (note 8).

During the year ended December 31, 2017, Golden Valley has exercised a total of 400,000 warrants at a price of $0.12 per warrant for total proceeds of $48,000.

b) Transactions with key management

Key management personnel of the Company comprise of the members of the Board of Directors, as well as the President, the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO") and the Vice-President Exploration ("VP Exploration").

For the year ended December 31, 2018, the Company incurred fees of $96,000 (2017 - $nil) with the COO of which $72,000 was capitalized as Exploration and Evaluation asset and $24,000 was recorded under consulting fees in the statement of net loss. As at December 31, 2018, no amount is due to the COO.

For the year ended December 31, 2018, the Company incurred fees of $17,200 (2017 - $30,000) with the former CFO of the Company. These fees are recorded under audit and accounting fees in the statement of net loss. As at December 31, 2018, no amount is due to the former CFO.

For the year ended December 31, 2018, the Company incurred fees of $51,496 with the VP Exploration of the Company. These fees are recorded under Exploration and Evaluation asset. As at December 31, 2018, the amount of $11,641 is due to the VP Exploration and is included in due to related parties.

For the year ended December 31, 2018, the Company granted stock options to key management personnel to purchase an aggregate 2,585,097 common shares of the Company. The Company recorded a share-based compensation of $253,615 as part of this transaction.

During the year ended December 31, 2017, a director of the Company has exercised a total of 75,000 warrants at a price of $0.12 per warrant for total proceeds of $9,000.

15) RELATED PARTY TRANSACTIONS (continued)

c) Transactions with related parties

For the year ended December 31, 2018, the Company incurred fees of $38,000 (2017 – $nil) with an individual, the spouse of the President, as part of a consulting agreement for corporate finance and advisory services. These fees are recorded under consulting fees in the statement of net loss.

For the year ended December 31, 2018, the Company incurred rent and occupancy fees of $18,318 (2017 – $nil) with a company controlled by the President of which $13,738 are recorded under Exploration and Evaluation asset and $4,580 are recorded under office expenses in the statement of net loss.

For the year ended December 31, 2017, the Company was recharged a total of $19,200 in exploration and evaluation expenses by International Venture Prospects Ltd., an entity that has common key management personnel with the Company. These exploration and evaluation expenses were incurred on the Abitibi Greenstone Belt prospect as part of a Mining Option Agreement signed with Golden Valley which was terminated in February 2017.

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2018, the Company had net payable of $14,525 of which $529 is due to Golden Valley, $2,355 due to companies related by common ownership and $11,641 due to the VP Exploration of the Company. As at December 31, 2017, the Company had a net payable of $104,761 to Golden Valley.

16) COMMITMENTS

a) The Company entered into a corporate finance and advisory services consulting agreement, with a related party, the spouse of the President, expiring February 5, 2020, which will require total payments of $84,000. The payments will be $42,000 in 2019 and $3,500 in 2020.

b) The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which will require total lease payments of $11,768. The minimum lease payments for the next years are $2,769 in 2019, 2020 and 2021 and $1,384 in 2021.

(Expressed in Canadian dollars unless otherwise noted)

16) COMMITMENTS (continued)

c) The Company has the following commitments in connection with its Option Agreement with Golden Valley:

	Exploration work	Issuance of shares
2019	750,000	4,166,667
2020	1,000,000	4,166,667
2021	1,750,000	4,166,667
	3,500,000	12,500,001

d) On March 5, 2019, the Company amended its Option Agreement on the Boston Bulldog Prospect to extend the deadline to incur minimum exploration and evaluation expenditures of $50,000 to April 7, 2020.

e) The Company has also entered into a consulting agreement with the VP Exploration for a total annual payment of $66,950. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to $200,000 if the consulting agreement is terminated by the Company, and $100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.

17) FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	2018		2017	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	**$ 627,208**	**$ 627,208**	$ 1,355,967	$ 1,355,967

	2018		2017	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Accounts payable and accrued liabilities	**$ 15,943**	**$ 15,943**	$ 4,256	$ 4,256
Due to related party	**14,526**	**14,526**	104,761	104,761
	$ 30,469	**$ 30,469**	$ 109,017	$ 109,017

17) FINANCIAL ASSETS AND LIABILTIES (continued)

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and the due to related party is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers between Level 1 and 2 in the reporting periods.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

18) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 9 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

19) FINANCIAL RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash of $627,208 at December 31, 2018 and $1,355,967 at December 31, 2017. The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations. Accounts payable and accrued liabilities are due within less than 90 days. The Company's cash significantly exceed the current cash outflow requirements.

20) SUBSEQUENT EVENTS

On January 22, 2019, the Company issued 4,166,667 of its common shares valued at $416,667 as required under the Option Agreement with Golden Valley (note 8). In accordance with the terms of the Option Agreement between the Company and Golden Valley dated April 18, 2017, the Company has agreed to issue to Golden Valley a further 12,500,001 common shares issuable as to 33% on or before each of December 31, 2019, 2020 and 2021, should the Company fulfil its obligations under the terms of the Option Agreement to maintain in force the option granted to it, and to exercise the option.

Golden Valley's ownership interest in the Company has now increased from 24.82% as at December 31, 2018 to 32.56%.