BLACK MAMMOTH METALS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

MORGAN & COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Black Mammoth Metals Corp.

Opinion

We have audited the consolidated financial statements of Black Mammoth Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, consolidated changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $132,689 during the year ended December 31, 2018 and, as of that date, the Company had an accumulated deficit of $13,920,408. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 the information included in the management's discussion and analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 audit resulting in this independent auditor's report is Jack Christiansen.

Vancouver, Canada *"Morgan & Company LLP"*

April 22, 2019 Chartered Professional Accountants

MORGAN
COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at December 31, 2018	As at December 31, 2017
ASSETS		
Current Assets		
Cash	**$ 260,244**	$ 304,074
Commodity tax recoverable	**948**	1,898
Reclamation bond (Note 5)	**22,716**	35,540
	283,908	341,512
Reclamation bond (Note 5)	**15,144**	-
Equipment (Note 6)	**9,848**	14,069
Exploration and Evaluation Assets (Note 7)	**215,736**	139,586
Total Assets	**$ 524,636**	$ 495,167
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 52,027**	$ 81,648
Decommissioning provision (Note 12)	**-**	9,372
	52,027	91,020
Long-term payables	**17,556**	5,250
Due to related parties (Notes 9 and 14)	**525,396**	494,417
Total Liabilities	**594,979**	590,687
DEFICIENCY		
Share Capital (Note 8)	**11,904,553**	11,702,695
Reserves	**1,945,512**	1,945,512
Subscriptions received in advance (Note 8)	**-**	66,608
Accumulated Deficit	**(13,920,408)**	(13,810,335)
Total Deficiency	**(70,343)**	(95,520)
Total Liabilities And Deficiency	**$ 524,636**	$ 495,167

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors:

"Mark Abrams"
Director

"Dustin Henderson"
Director

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	FOR THE YEARS ENDED DECEMBER 31, 2018	2017
Operating Expenses		
Depreciation (Note 6)	**$ 4,221**	$ 2,482
Foreign exchange loss (gain)	**(3,177)**	1,209
Interest, penalties and bank charges	**1,498**	911
Management fees (Note 9)	**66,000**	52,500
Office administration and other	**3,114**	14,346
Professional fees	**31,159**	35,486
Property investigation costs	**-**	404
Share-based compensation	**-**	21,151
Shareholder communications	**4,969**	19,270
Transfer agent and regulatory fees	**15,631**	19,857
Travel and entertainment	**9,371**	11,932
Total Operating Expenses	**(132,786)**	(179,548)
Decommissioning provision (Note 12)	**(5,903)**	(2,787)
Loss on debt settlements	**-**	(1,519)
Impairment of exploration and evaluation assets	**-**	(52,232)
Write-off of accounts payable	**28,618**	898
Net Loss and Comprehensive Loss For The Year	**$ (110,073)**	$ (235,188)
Basic Loss Per Share	**$ (0.01)**	$ (0.02)
Weighted Average Number of Shares Outstanding, Basic and Diluted	**10,690,409**	7,100,088

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	SHARE CAPITAL			RESERVES									
	SHARES		AMOUNT		EQUITY SETTLED SHARE-BASED PAYMENTS		WARRANTS		Subscription Received in Advance		ACCUMULATED DEFICIT		TOTAL DEFICIENCY
Balance, December 31, 2016	5,615,286	$	11,116,195	$	1,120,718	$	783,043	$	-	$	(13,575,147)	$	(555,191)
Private placement, net of issue costs	2,575,000		462,000		-		20,600		-		-		482,600
Shares issued on exercise of warrants	501,000		50,100		-		-		-		-		50,100
Shares for debt	372,002		74,400		-		-		-		-		74,400
Subscriptions received in advance	-		-		-		-		66,608		-		66,608
Share-based payments	-		-		21,151		-		-		-		21,151
Net loss and comprehensive loss for the year	-		-		-		-		-		(235,188)		(235,188)
Balance, December 31, 2017	9,063,288		11,702,695		1,141,869		803,643		66,608		(13,810,335)		(95,520)
Shares issued on exercise of warrants	2,018,583		201,858		-		-		(66,608)		-		135,250
Net loss and comprehensive loss for the year	-		-		-		-		-		(110,073)		(110,073)
Balance, December 31, 2018	**11,081,871**	**$**	**11,904,553**	**$**	**1,141,869**	**$**	**803,643**	**$**	**-**	**$**	**(13,920,408)**	**$**	**(70,343)**

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		FOR THE YEARS ENDED DECEMBER 31, 2018		2017
Cash Flows (Used In) Provided By:				
Operating Activities				
Net loss for the year	**$**	**(110,073)**	$	(235,188)
Change in non-cash working capital:				
Depreciation		**4,221**		2,482
Decommissioning provision		**5,903**		2,787
Foreign exchange		**(3,177)**		2,980
Gain on debt settlement		-		1,519
Impairment of exploration and evaluation assets		-		52,232
Share-based compensation		**-**		21,151
Write-off of accounts payable		**(28,616)**		(898)
Changes in non-cash operating working capital:				
Amounts receivable		**950**		96
Accounts payable and accrued liabilities		**(69,638)**		(10,193)
Due to related parties		**30,979**		(73,353)
Long-term payables		**12,306**		(49,424)
		(157,145)		(285,809)
Investing Activities				
Mineral property exploration		**(6,660)**		(42,986)
Equipment		**-**		(16,551)
Decommissioning provision		**(15,275)**		-
		(21,935)		(59,537)
Financing Activities				
Private placement		**-**		515,000
Share issuance costs		**-**		(32,400)
Exercise of warrants		**135,250**		50,100
Subscriptions received in advance		**-**		66,608
		135,250		599,308
Change in Cash		**(43,830)**		253,962
Cash, Beginning of Year		**304,074**		50,112
Cash, End of Year	**$**	**260,244**	$	304,074
Supplemental Cash Flow Information		**-**		-
Cash received for interest	**$**	**-**		-
Cash paid for income taxes	**$**	**-**		-
Cash paid for interest	**$**	**-**		-
Payables included in exploration and evaluation assets	**$**	**214,770**		145,280

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on August 17, 2004 in British Columbia, Canada and began active operations on that date.

On February 18, 2016, the Company changed its name to Black Mammoth Metals Corporation and consolidated its share capital on a four to one basis. These statements reflect the share consolidation retroactively.

During the year ended December 31, 2017, the Company incorporated Black Mammoth Gold Corporation ("Black Mammoth Gold"), a wholly owned subsidiary, in the state of Nevada.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in British Columbia. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company. The Company is listed on the TSX Venture Exchange, having a symbol BMM.V.

The address of the Company's corporate office and principal place of business is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has an accumulated deficit of $13,920,408 to date and as of December 31, 2018 has a working capital of $231,881.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management intends to continue to raise additional funding in the form of equity financing from the sale of common stock to improve the working capital position, but there is no assurance that the Company will be successful in achieving this goal. These factors may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business, and these adjustments may be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2019.

b) Going Concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION (Continued)

c) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

d) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 3 for use of estimates and judgements made by management in the application of IFRS.

3. USE OF ESTIMATES AND JUDGMENTS

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

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position.
ii) The inputs in the Black-Scholes option pricing model to value stock options and broker warrants.
iii) The provision for decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.
iv) The Company's assessment of its ability to raise sufficient funds to finance operations involves significant judgments. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. USE OF ESTIMATES AND JUDGMENTS (Continued)

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

v) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

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

vi) Recognition of deferred income tax assets

Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

4. SIGNIFICANT ACCOUNTING POLICIES

Translation of Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Financial Instruments

IFRS 9 became effective for the annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking “expected loss” impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial instruments retrospectively, the change did not impact the carrying value of any financial assets or financial liabilities as at the transition date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
ii) those to be measured at amortized cost.

A comparison between the classification of the Company's financial assets and financial liabilities under IFRS 9 and IAS 39 is as follows:

Financial Instrument	IAS 39	IFRS 9
Cash	Fair value through profit of loss ("FVTPL")	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Reclamation bond	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

Financial assets

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

The Company has classified its financial assets as follows:

- Cash is measured at fair value with changes to fair value subsequent to initial recognition being recorded in profit or loss for the period in which they occur.
- Accounts receivable and reclamation deposits are measured at amortized cost using the effective interest rate method. Interest income, where material, is recorded in profit or loss.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company has not recognized any impairment losses on its accounts receivable.

Financial liabilities

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

The Company's financial liabilities include accounts payable and accrued liabilities and amounts due to related parties which are measured at amortized cost using the effective interest rate method. Interest expense, where material, is recorded in profit or loss.

The Company derecognizes a financial liability when the liability is extinguished by way of discharge, cancellation or expiry.

Notwithstanding the adoption of IFRS 9, there were no changes to the classification of financial instruments in the year ended December 31, 2018.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. The Company had no cash equivalents at December 31, 2018 and 2017.

Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning and Restoration Provision

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

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit and loss for the period.

At December 31, 2018, the Company had a $Nil (2017 - $9,372) decommissioning and restoration provision (Note 12).

Equipment

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Machinery & Equipment	30% per annum

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets’ residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, and are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Income Per Share

The Company presents basic and diluted income (loss) per share for its common shares. Basic income (loss) per share is calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income per share is calculated using the treasury stock method which considers the potential exercise of outstanding financial instruments with equity purchase or conversion features. Diluted income per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Equity-based Compensation

The Company grants stock options and warrants to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Future Accounting Pronouncements

<u>Effective for annual periods beginning on January 1, 2019</u>

New standard IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

5. RECLAMATION BOND

The Company has provided a US $27,770 reclamation bond to the Division of Minerals in the state of Nevada as security against future reclamation on the Company's mineral properties since abandoned. As at December 31, 2018 the total carrying value of the bond was $37,860 (2017 - $35,540), of which $15,144 (US $11,108) was classified as a long-term asset as it will not be recovered until the Division of Minerals approves restoration work that was completed during 2018.

Subsequent to year-end, $22,716 (US $16,662) of the bond was returned to the Company for the portion of the restoration that has received final regulatory approval.

(Expressed in Canadian Dollars)

6. EQUIPMENT

		Equipment
Cost		
Balance, December 31, 2016	**$**	**-**
Additions		**16,551**
Balance, December 31, 2017		**16,551**
Additions		**-**
Balance, December 31, 2018	**$**	**16,551**
Accumulated deprecation		
Balance, December 31, 2016	**$**	**-**
Additions		**2,482**
Balance, December 31, 2017		**2,482**
Additions		**4,221**
Balance, December 31, 2018	**$**	**6,703**
Carrying amounts		
Balance, December 31, 2017	$	14,069
Balance, December 31, 2018	**$**	**9,848**

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs for the year ended December 31, 2018

		Blanco Creek, Central Idaho		Frances Bay, British Columbia		Total
Acquisition costs, December 31, 2017	**$**	**30,972**	**$**	**1,361**	**$**	**32,333**
Additions - cash		**18,972**		**-**		**18,972**
Acquisition costs, December 31, 2018		**49,944**		**1,361**		**51,305**
Exploration costs, December 31, 2017		**82,320**		**24,933**		**107,253**
Incurred during the year:						
Assay		**1,365**		**-**		**1,365**
Consulting		**55,813**		**-**		**55,813**
Exploration costs, December 31, 2018		**139,498**		**24,933**		**164,431**
Total Exploration and Evaluation Assets, as at December 31, 2018	**$**	**189,442**	**$**	**26,294**	**$**	**215,736**

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Exploration and evaluation costs for the year ended December 31, 2017

	Blanco Creek, Central Idaho	Frances Bay, British Columbia	Coppertonic, British Columbia	Total
Acquisition costs, December 31, 2016	$ -	$ 1,361	$ 978	$ 2,339
Additions - cash	30,972	-	-	30,972
Impairment	-	-	(978)	(978)
Acquisition costs, December 31, 2017	30,972	1,361	-	32,333
Exploration costs, December 31, 2016	-	24,933	51,254	76,187
Incurred during the year:				
Assay	865	-	-	865
Consulting	77,125	-	-	77,125
Travel and other expenses	4,330	-	-	4,330
Impairment	-	-	(51,254)	(51,254)
Exploration costs, December 31, 2017	82,320	24,933	-	107,253
Total Exploration and Evaluation Assets, as at December 31, 2017	$ 113,292	$ 26,294	$ -	$ 139,586

a) Blanco Creek Property, Central Idaho, USA

On February 13, 2017, the Company's subsidiary, Black Mammoth Gold, entered into an assignment and assumption agreement ("Assignment and Assumption Agreement") with IDA Gold Corporation ("IDA") pursuant to which IDA has assigned, and Black Mammoth Gold has assumed, all of the rights and obligations of the lessee under a long-term lease of the Blanco Creek mineral property located in central Idaho. The lease is subject to an underlying two percent (2%) production royalty in favour of the landlord and a one percent (1%) production royalty in favour of IDA. The Company will be responsible for all costs of maintaining the property going forward.

Lease Terms (in United States Dollars "USD"):

The lease term is approximately 20 years (due date is October 14, 2036) and is renewable for up to an additional 40 years (60 years in total).

Advance Royalty Payment	Payable On or Before
$6,000	Paid
$8,000	Each October 15 thereafter (2017, 2018 paid)

Provided all payments are current the Company may at any time during the life of the agreement purchase the property for $3,000,000 from the landlord. In the alternative, and provided that all payments are current, the Company may at any time during the life of the agreement purchase each 1% of the Production Royalty in favour of the landlord for $1,500,000. All royalty payments shall be credited against the purchase price for the Production Royalty and the Property, respectively, and any amount paid for the purchase of the Production Royalty shall be credited against the purchase price of the Property.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Blanco Creek Property, Central Idaho, USA (continued)

If the Company elects to purchase the property it will still be subject to the 1% production royalty in favour of IDA.

The lease is considered a related party transaction as the Company and IDA have two directors in common.

b) Frances Bay Copper Property, British Columbia, Canada

During the year ended December 31, 2015, the Company staked and obtained a 100% ownership in the Frances Bay Copper Property after dropping its previous option agreement. The Frances Bay Copper property is located in southwestern British Columbia, approximately 90 kilometres northwest of Powell River, BC. There is a 1% Net Smelter Royalty outstanding on the property.

c) Coppertonic Property, British Columbia, Canada

On August 15, 2013, the Company staked a copper-gold property prospect, the Coppertonic claim in the Cariboo region of south central British Columbia.

During the year ended December 31, 2017, the Company released its interest in the Coppertonic property in an effort to focus resources on its other properties. Accordingly the Company wrote-off exploration and evaluation asset costs of $52,232.

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Issued and Outstanding

During the year ended December 31, 2018, the Company issued 2,018,583 shares pursuant to the exercise of warrants for the proceeds of $201,858, of which $66,608 were received during the year ended December 31, 2017.

During the year ended December 31, 2017, the Company:

i) issued 501,000 shares pursuant to the exercise of warrants for the proceeds of $50,100.

ii) completed a non-brokered private placement of 2,575,000 units at a price of $0.20 per unit for total proceeds of $515,000. Each unit consists of one common share and one share purchase warrant; each share purchase warrant is exercisable at a price of $0.30 expiring on July 25, 2019. The Company paid a cash commission to the finders totaling $32,400 and issued 162,000 finder’s warrants (valued at $20,600) exercisable at a price of $0.24 expiring on January 25, 2019.

iii) issued 372,002 common shares to creditors to settle outstanding accounts payable of $74,400.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

c) Stock Options

The Company has a stock option plan whereby it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company at prices to be determined and for a term not in excess of five years. Stock options granted to consultants conducting investor relations activities vest in accordance with TSX regulations. Unless otherwise stated, share purchase options vest when granted.

No stock options were granted during the year ended December 31, 2018 and 2017.

As at December 31, 2018, options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT December 31, 2018	EXPIRY DATE
475,000	$0.10	475,000	July 19, 2021
475,000		475,000	

As at December 31, 2018, the weighted average remaining contractual life of the share purchase options was 2.55 years (December 31, 2017 – 3.55 years).

Summaries of changes in stock options are presented below:

	FOR THE YEAR ENDED DECEMBER 31, 2018		FOR THE YEAR ENDED DECEMBER 31, 2017	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**475,000**	**$ 0.10**	475,000	$ 0.10
Granted	**-**	**-**	-	-
Forfeited/expired	**-**	**-**	-	-
Balance, end of year	**475,000**	**$ 0.10**	475,000	$ 0.10

d) Share Purchase Warrants

As at December 31, 2018, share purchase warrants were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	EXERCISE PRICE PER SHARE	EXPIRY DATE
162,000	$0.24	January 25, 2019*
2,575,000	0.30	July 25, 2019
2,737,000		

*Expired Subsequently

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

d) Share Purchase Warrants (Continued)

Summaries of changes in warrants are presented below:

	FOR THE YEAR ENDED DECEMBER 31, 2018			FOR THE YEAR ENDED DECEMBER 31, 2017		
	NUMBER		**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**4,760,999**	**$**	**0.21**	2,524,999	$	0.10
Issued	**-**		**-**	2,737,000		0.30
Exercised	**(2,018,583)**		**0.10**	(501,000)		0.10
Forfeited/expired	**(5,416)**		**0.10**	-		-
Balance, end of year	**2,737,000**	**$**	**0.30**	4,760,999	$	0.21

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. All amounts owing are non-interest bearing, with no specific repayment terms and unsecured. The remuneration of directors and other members of key management personnel during the years ended December 31, 2018 and 2017 are as follows:

a) Included in the due to related parties at December 31, 2018 is $525,396 (December 31, 2017 - $494,417) due to directors, an officer of the Company and a company with a common director. The amounts relate to accrued management fees and expense reimbursements. Per the terms of debt settlement and deferral agreements repayment, the amount of $525,396 is not due until May 31, 2020.

b) During the period ended December 31, 2018 and 2017 included in the financial statements are the following amounts charged or accrued to officers, directors, a former director, spouse of a director and companies with a common director:

		2018		2017
Key management compensation				
Management fees – operating	**$**	**66,000**	$	52,500
Management fees – exploration and evaluation	**$**	**54,000**	$	67,500
Share-based compensation	**$**	**-**	$	12,022

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

The property in which the Company currently has an interest is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the year.

11. FINANCIAL INSTRUMENTS

Fair Value

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis.

For assets and liabilities measured at fair value on a non-recurring basis, the following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE INPUT LEVEL	**AS AT DECEMBER 31, 2018 CARRYING AMOUNT**	**AS AT DECEMBER 31, 2018 ESTIMATED FAIR VALUE**	AS AT DECEMBER 31, 2017 CARRYING AMOUNT	AS AT DECEMBER 31, 2017 ESTIMATED FAIR VALUE
Financial Assets:					
Cash	1	**$ 260,244**	**$ 260,244**	$ 304,074	$ 304,074
Amounts receivable	2	**$ 948**	**$ 948**	$ 1,898	$ 1,898
Financial Liabilities:					
Accounts payable and accrued liabilities	2	**$ 52,027**	**$ 52,027**	$ 81,648	$ 81,648
Long-term payables	2	**$ 17,556**	**$ 17,556**	$ 5,250	$ 5,250
Due to related parties	2	**$ 525,396**	**$ 525,396**	$ 494,417	$ 494,417
Other liabilities	2	**$ -**	**$ -**	$ 9,372	$ 9,372

Due to the relatively short term nature of cash, amounts receivable, accounts payable and accrued liabilities, advance payable and liabilities of discontinued operations, the fair value of these instruments approximates their carrying value.

11. FINANCIAL INSTRUMENTS (Continued)

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and amounts receivable. Cash are held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is minimal.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had current liabilities of $52,027 (December 31, 2017 - $91,020). All of the Company's liabilities are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

The Company had cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Commodity Price Risk

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

iii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period.

The Company holds a 100% interest in its subsidiary La Quinta Nevada Inc. ("LQN") in the United States of America which is currently inactive.

The Company holds a 100% interest in Black Mammoth Gold Corporation in the United States of America.

As at December 31, 2018, a 1% strengthening in the USD relative to the CDN$ does not have a significant impact on the net loss for the period. Any unrealized translation adjustments arising at period end are included in operating loss for the period.

(Expressed in Canadian Dollars)

12. DECOMMISSIONING PROVISION

The total future decommissioning and restoration provision was estimated by management based on the Company's interests in the Easter property in Nevada and the estimated costs of clean up. As of December 31, 2018 undiscounted amount of the estimated cash flows required to settle the obligation is approximately $Nil (December 31, 2017 - $9,372). Changes to the provision during the period were as follows:

	December 31, 2018	December 31, 2017
Balance, beginning of year	**$ 9,372**	$ 9,400
Change in estimate	**5,903**	2,787
Decommissioning expenditures	**(15,275)**	(2,815)
Balance, end of year	**$ -**	$ 9,372

13. SEGMENTED INFORMATION

The Company operates in one business segment, mineral exploration. Its resource properties are located in Canada and the United States

Geographic information with respect to the Company's exploration and evaluation assets is as follows:

	As at	
	December 31, 2018	December 31, 2017
Canada	**$ 26,294**	$ 26,294
United States	**189,443**	113,292
	$ 215,737	$ 139,586

14. DEBT SETTLEMENT AND DEFERRAL AGREEMENTS

During the year ended December 31, 2018, the Company renewed debt deferral agreements with certain creditors to defer settlement until May 31, 2020. As at December 31, 2018 the Company has $17,556 in long-term accounts payable and $525,396 due to related parties subject to the debt deferral agreements.

(Expressed in Canadian Dollars)

15. INCOME TAXES

The recovery of income taxes shown in the statement of loss differs from the amounts obtained by applying statutory rates due to the following:

		2018		2017
Statutory rates		**27%**		26%
Expected income tax recovery	**$**	**(30,000)**	$	(61,000)
Change in tax assets not recognized		**30,000**		61,000
Deferred income tax recovery	**$**	**-**	$	-

The significant components of the Company's deferred net income tax asset and liabilities are approximately as follows:

		2018		2017
Deferred tax assets				
Non-capital loss carry-forwards	**$**	**878,000**	$	857,000
Resources deductions and other		**893,000**		891,000
		1,771,000		1,748,000
Less: Deferred tax assets not recognized		**(1,771,000)**		(1,748,000)
	$	**-**	$	-

The Company has non-capital losses carried forward in Canada of approximately $3,252,000 (2017 - $3,176,000) that are available for tax purposes. The non-capital losses are set expire beginning 2030 to 2037.

The Company has Canadian resource pools of approximately $3,465,000 (2016 - $3,389,000) available to offset future taxable income. The tax benefit of these amounts is available for carry-forward indefinitely.

16. SUBSEQUENT EVENTS

Subsequent to year-end, the Company entered into a debt settlement agreement with an officer of the Company whereby $179,810 of amounts owing were settled in exchange for $Nil resulting in a gain on debt settlement of $179,810.