

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

LANCASTER & DAVID

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the shareholders of Vangold Mining Corp.:

We have audited the accompanying consolidated financial statements of Vangold Mining Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017, and 2016, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Vangold Mining Corp. and its subsidiaries as at December 31, 2017, and 2016, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Vangold Mining Corp. to continue as a going concern.

/S/ Lancaster & David

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

April 27, 2018

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Consolidated statements of financial position

(Expressed in Canadian dollars)

	December 31, 2017 \$	December 31, 2016 \$
Assets		
Current assets		
Cash	119,009	55,816
Amounts receivable	60,786	9,324
Prepaid expenses and deposits	34,698	1,269
Total current assets	214,493	66,409
Non-current assets		
Equipment (Note 4)	20,896	–
Exploration and evaluation assets (Note 5)	1,548,491	9,001
Total non-current assets	1,569,387	9,001
Total assets	1,783,880	75,410
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 14)	361,731	352,970
Short-term debt (Note 6)	45,100	235,126
Total liabilities	406,831	588,096
Shareholders' Equity (Deficit)		
Share capital	36,862,832	34,157,262
Share subscriptions received	–	50,000
Contributed surplus	10,063,805	8,953,903
Deficit	(45,549,588)	(43,673,851)
Total shareholders' equity (deficit)	1,377,049	(512,686)
Total liabilities and shareholders' equity (deficit)	1,783,880	75,410

Nature of operations and going concern (Note 1)

Commitments and contingent liabilities (Note 14)

Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board on April 27, 2018:

"Cameron S. King"

Cameron S. King, President, CEO, and Director

"Hernan Dorado"

Hernan Dorado, Director

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

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Consolidated statements of operations and comprehensive loss

(Expressed in Canadian dollars)

	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Expenses		
Depreciation	5,838	1,066
Foreign exchange loss	24,662	–
Investor relations	120,864	425
Management and consulting fees (Note 7)	742,380	57,000
Mineral exploration costs (Note 5)	360,065	17,897
Office and miscellaneous	109,678	1,854
Professional fees	140,117	31,050
Transfer agent and regulatory fees	42,042	11,819
Travel and meals	203,141	–
Rent	49,682	–
Wages and benefits	16,876	–
Total expenses	1,815,345	121,111
Loss before other expense	(1,815,345)	(121,111)
Other expense		
Interest and accretion on short-term debt	(6,222)	(25,621)
Loss on disposal of equipment (Note 4)	(4,745)	(6,038)
Loss on settlement of debt (Note 8(c))	(49,425)	–
Total other expenses	(60,392)	(31,659)
Net loss and comprehensive loss for the year	(1,875,737)	(152,770)
Basic and diluted loss per share	(0.05)	(0.02)
Weighted average number of common shares outstanding – basic and diluted	34,885,418	8,030,773

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

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Consolidated statements of changes in shareholders' equity (deficit)

(Expressed in Canadian dollars)

	Share capital		Share subscriptions received \$	Contributed Surplus \$	Deficit \$	Total \$
	Number of shares	Amount \$				
Balance, December 31, 2015	8,030,774	34,157,262	–	8,953,903	(43,521,081)	(409,916)
Share subscriptions received	–	–	50,000	–	–	50,000
Net loss for the year	–	–	–	–	(152,770)	(152,770)
Balance, December 31, 2016	8,030,774	34,157,262	50,000	8,953,903	(43,673,851)	(512,686)
Shares issued for cash	30,564,556	1,211,436	(50,000)	839,174	–	2,000,610
Share issuance costs	–	(172,202)	–	57,522	–	(114,680)
Shares issued to settle debt	3,627,299	303,336	–	–	–	303,336
Shares issued to acquire exploration and evaluation assets	8,787,500	1,363,000	–	–	–	1,363,000
Fair value of stock options granted	–	–	–	213,206	–	213,206
Net loss for the year	–	–	–	–	(1,875,737)	(1,875,737)
Balance, December 31, 2017	51,010,129	36,862,832	–	10,063,805	(45,549,588)	1,377,049

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

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Operating activities		
Net loss for the year	(1,875,737)	(152,770)
Items not involving cash:		
Depreciation	5,838	1,066
Interest and accretion on short-term debt	6,222	25,621
Loss on disposal of equipment	4,745	6,038
Loss on settlement of debt	49,425	–
Share-based compensation	213,206	–
Changes in non-cash operating working capital:		
Amounts receivable	(51,462)	(4,088)
Prepaid expenses and deposits	(33,429)	(1,269)
Accounts payable and accrued liabilities	66,424	80,038
Net cash used in operating activities	(1,614,768)	(45,364)
Investing activities		
Purchase of equipment	(31,479)	–
Purchase of exploration and evaluation assets	(176,490)	–
Net cash used in investing activities	(207,969)	–
Financing activities		
Proceeds from issuance of shares and share subscriptions received	2,000,610	50,000
Share issuance costs	(114,680)	–
Proceeds from short-term debt	–	50,139
Net cash provided by investing activities	1,885,930	100,139
Change in cash	63,193	54,775
Cash, beginning of year	55,816	1,041
Cash, end of year	119,009	55,816
Non-cash investing and financing activities:		
Finders' warrants issued as share issuance costs	57,522	–
Shares issued for acquisition of exploration and evaluation assets	1,363,000	–
Shares issued for settlement of debt	303,336	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Vangold Mining Corp. (formerly Vangold Resources Ltd.) (the “Company” or “Vangold”) is in the business of the acquisition and exploration of exploration and evaluation assets. The Company currently holds exploration and evaluation asset interests located in Canada and Mexico.

The head office and registered records of the Company is located at 1400 – 1111 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4M3. Vangold is a publicly listed company incorporated under the Business Corporations Act of British Columbia and is listed on the TSX Venture Exchange (“TSX.V”) under the symbol “VAN”.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2017, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$45,549,588. These factors raise significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared under the historical cost convention and are presented in Canadian dollars, which is the Company’s presentation currency.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(b) Approval of the Consolidated Financial Statements

The consolidated financial statements of the Company for the year ended December 31, 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 27, 2018.

VANGOLD MINING CORP.

(formerly Vangold Resources Ltd.)

Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Location	Ownership Interest	Status
CanMex Silver S.A. de C.V. ("CanMex")	Mexico	100%	Consolidated
Obras Mineras El Pinguico S.A. de C.V. ("Obras")	Mexico	100%	Consolidated

Subsidiaries are those entities which Vangold controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Vangold controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Vangold and are deconsolidated from the date that control ceases.

All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation.

(d) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided using the declining-balance method, less the estimated residual value. The Company provides for depreciation computed as follows:

Computer equipment	3 years straight-line
Field Equipment	3 years straight-line
Office equipment	3 years straight-line
Truck	3 years straight-line

(e) Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets include any cash consideration and the fair market value of shares issued, if any, on the acquisition of exploration and evaluation asset interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property claim acquisition and option payments represent actual expenditures incurred and are not intended to reflect present or future values. Option payments received on properties, are offset against the historical costs deferred on those properties.

Exploration and evaluation expenditures are charged to the consolidated statement of operations as they are incurred until the exploration and evaluation asset reaches the development stage. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

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

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Impairment of Long-Lived Assets

At each reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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, which is the present value of future cash flows expected to be derived from 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 consolidated statement of operations for the year.

For the purposes of impairment testing, equipment, exploration and evaluation assets, and oil and gas properties, are allocated to cash generating units to which the exploration activity relates. 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 so that 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 unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations.

(g) Decommissioning, Restoration and Similar Liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability is recognized at its present value in the period in which it is incurred, which is generally when an environmental disturbance occurs or a constructive obligation is determined. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using the unit of production method.

Following the initial recognition of a decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes in the estimated provision resulting from revisions to the estimated timing and amount of cash flows, or changes in the discount rate. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the decommissioning liability and the decommissioning asset. At December 31, 2017 and 2016, the Company has not identified any decommissioning liabilities.

(h) Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as share capital and the related equity reserve is transferred to share capital. When stock options are forfeited prior to becoming fully vested, any expense relating to the unvested options previously recorded, is reversed.

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Foreign Currency Translation

The functional currency of the Company and its wholly-owned subsidiaries, CanMex and Obras, 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 ("IAS 21").

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Basic Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the consolidated statement of operations and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the year. In years where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive. As at December 31, 2017, the Company had 35,253,723 (2016 – nil) potentially dilutive shares outstanding.

(l) Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. As at December 31, 2017, and 2016, the Company had no items that represent comprehensive income or loss.

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Financial Instruments

(i) Financial Assets

The Company classifies its financial assets into the following categories: fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss comprise derivatives, or assets acquired principally for the purpose of selling or repurchasing in the near term. These are initially recognized at fair value with changes in fair value recorded through the consolidated statement of operations. The Company does not have any financial assets classified under this category.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash and amounts receivables have been classified under this category.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of operations. They are classified as current assets or non-current assets based on their maturity. The Company does not have any financial assets classified under this category.

Available-For-Sale

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in fair value are recognized in other comprehensive income (loss) and classified as a component of equity. When the financial assets are sold or an impairment write-down is required, the accumulated fair value adjustments in other comprehensive income (loss) are included in the consolidated statement of operations and are included in other gains or losses.

Impairment

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

(ii) Financial Liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities through profit or loss.

Other Financial Liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transactions costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of operations over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities, and short-term debt have been classified under this category.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in the consolidated statement of operations. The Company does not have any financial liabilities classified under this category.

See Note 12 for additional information on financial instruments and fair value measurement.

(iii) Share Capital

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from warrants to share capital. If the warrants expire unexercised, the applicable amounts are transferred from warrants to contributed surplus.

(n) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these consolidated financial statements.

Amendments to standard IFRS 2, "Share-based Payment"

New standard IFRS 9, "Financial Instruments"

New standard IFRS 16, "Leases"

New standards IFRIC 22, "Foreign Currency Transactions and Advance Consideration"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

3. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is as follows:

Carrying Value and Recoverability of Exploration and Evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the assets and properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair Value of Stock Options and Warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize 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 income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Information about significant areas of judgment considered by management in preparing the financial statements is as follows:

Going Concern and Functional Currency

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1, as well as the determination of functional currency as discussed in Note 2(i).

VANGOLD MINING CORP.

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

4. Equipment

	Computer Equipment \$	Field Equipment \$	Office Equipment \$	Truck \$	Total \$
Cost:					
Balance, December 31, 2015	–	–	49,292	–	49,292
Disposals	–	–	(49,292)	–	(49,292)
Balance, December 31, 2016	–	–	–	–	–
Additions	10,342	1,776	5,100	14,261	31,479
Disposals	(6,577)	–	–	–	(6,577)
Balance, December 31, 2017	3,765	1,776	5,100	14,261	24,902
Accumulated depreciation:					
Balance, December 31, 2015	–	–	42,188	–	42,188
Additions	–	–	1,066	–	1,066
Disposals	–	–	(43,254)	–	(43,254)
Balance, December 31, 2016	–	–	–	–	–
Additions	1,867	3	604	3,364	5,838
Disposals	(1,832)	–	–	–	(1,832)
Balance, December 31, 2017	35	3	604	3,364	4,006
Carrying amounts:					
As at December 31, 2016	–	–	–	–	–
As at December 31, 2017	3,730	1,773	4,496	10,897	20,896

The disposals for the years ended December 31, 2017 and 2016 was due to the disposal of the equipment for \$nil proceeds. As a result, the Company recognized a loss on disposal of equipment of \$4,745 (2016 - \$6,038).

5. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Mexican Silver Belt \$	El Pinguico \$	Rosslund \$	Total \$
Acquisition Costs:				
Balance, December 31, 2015 and 2016	–	–	9,001	9,001
Acquisition costs	360,000	1,179,490	–	1,539,490
Balance, December 31, 2017	360,000	1,179,490	9,001	1,548,491

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Notes to the consolidated financial statements

December 31, 2017

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets (continued)

Mineral exploration costs consist of:

	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Environmental survey	24,497	–
General exploration	273,164	17,897
Geological	22,027	–
Permits	8,308	–
Property tax	8,034	–
Rentals	24,035	–
	360,065	17,897

Mexican Silver Belt Property, Mexico

On April 28, 2017, the Company entered into asset acquisition agreements for seven mining claims strategically situated within the high grade Mexican Silver Belt and all within close proximity to the Company's operations office in Guanajuato, Mexico. Under the terms of the agreements, the Company paid \$10,000 and issued 3,125,000 common shares with a fair value of \$343,750. Refer to Note 8(f). The Company also recognized additional acquisition costs of \$6,250. The vendors retain a 2.5% NSR royalty of which 1.25% (one-half) may be repurchased for \$500,000. The acquisition was approved by the TSX Venture Exchange on June 27, 2017.

El Pinguico Properties, Guanajuato State, Mexico

On April 27, 2017, the Company completed an acquisition of a 100% interest in the El Pinguico property, located in Guanajuato State, Mexico. Under the terms of the agreement, the Company paid consideration of \$136,240 (USD\$100,000) and issued 5,000,000 common shares with a fair value of \$900,000. The Company also issued 662,500 common shares with a fair value of \$119,250 as a finder's fee. Refer to Note 8(e). The Company also recognized additional acquisition costs of \$24,000. The vendors retain a 4% NSR and a 15% Net Profits Interest ("NPI") on minerals recovered from an existing surface and underground stockpiles of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralization. The Company may repurchase 1% (one-third) of the 3% NSR on all newly mined mineralization for USD\$1,000,000.

On October 2017, the Company and OMP executed a Surface Land Purchase Agreement with two private landowners for 302 hectares. The surface land includes the Company's El Pinguico property and provides significant land area for mining infrastructure, development and construction. Under the terms of the agreement, the Company has the option to purchase the property in two years and is committed to pay two annual instalments of \$4,500 with a final payment of \$65,000 on the third anniversary.

Rossland Properties, British Columbia, Canada

South Belt

Vangold holds a 50% interest in certain mineral claims within the historic Rossland gold camp in southeastern British Columbia.

The Company entered into an Option and Joint Venture Agreement with a private company, Rossland Resources Inc. ("RRI" or the "Optionee") that entitles RRI to earn a 100% interest in the property. RRI has fulfilled its commitments to earn a 50% interest. RRI has granted Vangold a 1.5% Net Smelter Royalty ("NSR") on the claims. It is understood that RRI can purchase the NSR granted to Vangold for a total of \$1,500,000 at any time. RRI is operator of the project.

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5. Exploration and Evaluation Assets (continued)

Rossland Properties, British Columbia, Canada (continued)

Evening Star Property

The Company owns a 100% interest in the surface rights and a 50% interest in the mineral rights comprising the Evening Star Property, a former producing mine located in southeastern British Columbia. On July 1, 2014, the Company issued a mortgage on the Evening Star Property in the amount of \$50,000. The mortgage is being held as collateral on part of the Company's short-term debt. Refer to Note 6.

6. Short-term Debt

During the year ended December 31, 2014, the Company entered into a loan arrangement with two former related parties for loans totaling \$37,000. The loans bore simple interest rate of 20% per annum, commencing July 1, 2014. Additional amounts were loaned during the years ended December 31, 2016 and 2015. The outstanding loans were due and payable July 1, 2015 and are currently past due. The loans are secured with a mortgage on the Company's Evening Star Property for up to \$50,000. Refer to Note 5.

Balance – December 31, 2015	\$	159,366
Loans received		50,139
Interest accrued		25,621
Balance – December 31, 2016	\$	235,126
Debt settled through the issuance of shares		(196,248)
Interest accrued		6,222
Balance – December 31, 2017	\$	45,100

On March 13, 2017, the Company settled \$196,248 in short-term debt owing to a former director of the Company and a company controlled by a former director of the Company through the issuance of 2,803,542 common shares. Subsequent to the year ended December 31, 2017, the Company repaid the remaining balance of \$45,100. Refer to Note 16(b).

7. Related Party Transactions

- For the year ended December 31, 2017, the Company incurred management and consulting fees of \$nil (2016 - \$6,000) to a company controlled by the former Chief Financial Officer of the Company. As at December 31, 2017, the amount of \$nil (2016 - \$51,608) was owed to the former Chief Financial Officer of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured and due on demand. On March 13, 2017, the Company settled \$50,663 of accounts payable and accrued liabilities owing to the former CFO of the Company through the issuance of 723,757 common shares with a fair value of \$94,088. Refer to Note 8(c).
- For the year ended December 31, 2017, the Company incurred management and consulting fees of \$52,500 (2016 - \$nil) to a company controlled by the Chief Financial Officer of the Company. As at December 31, 2017, the amount of \$6,000 (2016 - \$nil) was owed to the Chief Financial Officer of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.
- For the year ended December 31, 2017, the Company incurred management and consulting fees of \$180,000 (2016 - \$nil) to the Chief Executive Officer of the Company and a company controlled by the Chief Executive Officer of the Company. As at December 31, 2017, the amount of \$36,556 (2016 - \$122,138) was owed to the Chief Executive Officer of the Company and a company controlled by the Chief Executive Officer of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.

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7. Related Party Transactions (continued)

- (d) For the year ended December 31, 2017, the Company incurred management and consulting fees of \$131,579 (US\$102,000) (2016 - \$nil) to a company controlled by a director of the Company. As at December 31, 2017, the amount of \$75,270 (US\$60,000) (2016 - \$nil) was owed to a company controlled by a director of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.
- (e) As at December 31, 2017, the amount of \$nil (2016 – \$1,966) was owed to the former Chief Executive Officer of the Company, which is included in accounts payable and accrued liabilities.
- (f) For the year ended December 31, 2017, the Company incurred share-based compensation of \$147,685 (2016 – \$nil) to directors and officers of the Company.

8. Share Capital

The authorized share capital of the Company consists of the following:

- Common Shares: unlimited common shares without par value;
- Class A Common Shares: unlimited common shares without par value;
- Class B Common Shares: unlimited common shares without par value;
- Class A Preferred Shares: unlimited preferred shares with a par value of \$0.2947; and
- Class B Preferred Shares: unlimited preferred shares without par value.

Share issuances for the year ended December 31, 2017:

- (a) On January 13, March 13, and April 24, 2017, the Company completed three tranches of a private placement originally announced on December 13, 2016 of an aggregate of 10,000,000 units at \$0.05 per unit for gross proceeds of \$500,000. The proceeds were allocated between the common shares (\$297,677) and warrants (\$202,323) based on their relative fair values. The fair value of the warrants were calculated using the Black-Scholes option pricing model assuming a risk-free rate of 0.94%, no expected dividends or forfeitures, volatility of 136%, and an expected life of three years. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The first tranche on January 13, 2017 consisted of 1,828,920 units; the second tranche on March 13, 2017 consisted of 4,671,080 units; and the third tranche on April 24, 2017 consisted of 3,500,000 units. The Company paid legal fees of \$16,500, aggregate finders fees of \$3,750, and issued 75,000 finder's warrants with a fair value of \$2,465 exercisable at \$0.25 per share until January 13, 2020, subject to accelerated expiry upon certain events. Of the share subscription proceeds received, \$50,000 was received as at December 31, 2016.
- (b) On March 13, 2017, the Company completed a private placement by issuing 7,265,000 units at \$0.07 per unit for gross proceeds of \$508,550. The proceeds were allocated between the common shares (\$302,202) and warrants (\$206,348) based on their relative fair values. The fair value of the warrants were calculated using the Black-Scholes option pricing model assuming a risk-free rate of 0.98%, no expected dividends or forfeiture rate, volatility of 137%, and an expected life of three years. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The Company paid legal fees of \$10,000, finders fees of \$13,405, and issued 191,500 finder's warrants with a fair value of \$16,984 exercisable at \$0.25 per share until March 13, 2020, subject to accelerated expiry upon certain events.

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8. Share Capital (continued)

- (c) On March 13, 2017, the Company settled \$196,248 of short-term debt and \$57,663 of accounts payable with the issuance of 3,627,299 common shares with a fair value of \$303,336. The settlement resulted in a loss on settlement of debt of \$49,425. The Company paid legal fees of \$8,425 in connection with this issuance.
- (d) On April 24, 2017, the Company completed a private placement by issuing 5,555,556 units at \$0.09 per unit for gross proceeds of \$500,000. The proceeds were allocated between the common shares (\$285,201) and warrants (\$214,799) based on their relative fair values. The fair value of the warrants were calculated using the Black-Scholes option pricing model assuming a risk-free rate of 0.82%, no expected dividends or forfeitures, volatility of 137%, and an expected life of three years. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The Company paid finders fees of \$10,500, and issued 116,667 finder's warrants with a fair value of \$19,290 exercisable at \$0.25 per share until April 24, 2020, subject to accelerated expiry upon certain events.
- (e) On May 9, 2017, the Company issued 5,000,000 common shares with a fair value of \$900,000 pursuant to the acquisition of a 100% interest in the El Pinguico property, located in Guanajuato State, Mexico. Refer to Note 5. The Company also issued 662,500 common shares with a fair value of \$119,250 to a company controlled by the Chief Executive Officer of the Company as a finder's fee.
- (f) On July 20, 2017, the Company issued 3,125,000 common shares with a fair value of \$343,750 pursuant to the acquisition of the seven mining claims in Mexican Silver Belt. Refer to Note 5.
- (g) On November 9, 2017, the Company completed the first tranche of a private placement of 7,744,000 units at a price of \$0.07 per unit for proceeds of \$542,080. The proceeds were allocated between the common shares (\$326,376) and warrants (\$215,704) based on their relative fair values. The fair value of the warrants were calculated using the Black-Scholes option pricing model assuming a risk-free rate of 1.55%, no expected dividends or forfeitures, volatility of 129%, and an expected life of four years. Each unit consists of one common share of the Company and one non-transferrable warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 for a period of four years from the date of issuance. As part of the financing, the Company paid \$38,955 of finder's fees and issued 406,000 broker warrants with a fair value of \$18,783 with each broker warrant entitling the holder to purchase one common share of the Company at \$0.25 per share for a period of four years from the date of issuance.

Share issuances for the year ended December 31, 2016:

- (h) On November 7, 2016, the Company consolidated its issued and outstanding common shares on the basis of one new share of every three existing shares, resulting in 8,030,774 post-consolidated common shares. Unless otherwise indicated, all references to share capital and stock options presented in these consolidated financial statements and notes thereto are on a post-consolidation basis.
- (i) During the year ended December 31, 2016, the Company received share subscriptions of \$50,000 relating to a private placement that completed subsequent to year end (Note 8(a)).

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9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2015	1,118,400	0.57
Expired	(1,118,400)	0.57
Balance, December 31, 2016	–	–
Issued	31,353,723	0.25
Balance, December 31, 2017	31,353,723	0.25

As at December 31, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,903,920	0.25	January 13, 2020
12,127,580	0.25	March 13, 2020
9,172,223	0.25	April 24, 2020
8,150,000	0.25	November 9, 2021
<u>31,353,723</u>		

10. Stock Options

The Company's Board of Directors approved a 20% fixed stock incentive plan in accordance with the policies of the TSX.V. Subject to TSX.V and shareholder approvals, the aggregate number of common shares that may be reserved, allotted and issued pursuant to the plan shall not exceed 6,784,614 common shares, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement. The Board of Directors is authorized to grant options under this plan to directors, officers, consultants or employees.

The maximum number of options that may be granted to any one person in any 12-month period must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the optionee is a consultant or employed in an investor relations capacity. The plan states that the Board of Directors shall determine the manner in which the options shall vest and become exercisable. However, options granted to consultants performing investor relations activities shall vest over a minimum of 12 months and no more than one quarter of such options vesting in any 3-month period. The plan requires that the stock options may have a term not exceeding ten years. In the event of any option forfeiture, any expense recognized to date on unvested options is reversed in the period in which the forfeiture occurs.

During the year ended December 31, 2017, the Company granted 3,900,000 stock options to directors, officers, employees and consultants of the Company. The options are exercisable at a price of \$0.20 per common share for five years, and vest 25% every 3 months after the grant date.

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10. Stock Options (continued)

A continuity schedule of the incentive stock options is as follows:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2015 and 2016	–	–
Granted	3,900,000	0.20
Outstanding, December 31, 2017	3,900,000	0.20

Additional information regarding stock options outstanding as at December 31, 2017 is as follows:

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.20	3,900,000	975,000	4.59	0.20

The fair value of options granted during the year was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividends and the following assumptions:

	2017	2016
Expected stock price volatility	134%	–
Risk-free interest rate	1.67%	–
Expected life of options (years)	4.93	–
Expected forfeiture rate	0%	–

The weighted average fair value of options granted was \$0.08 (2016 - \$nil) per option. During the year ended December 31, 2017, the Company recognized stock-based compensation expense of \$213,206 (2016 - \$nil) for options granted to directors, officers, employees and consultants of the Company.

11. Segmented Information

The Company is primarily engaged in mineral exploration in British Columbia, Canada and Guanajuato, Mexico. The Company operates the mineral exploration of its properties in Mexico through its 100% owned subsidiaries, Obras and CanMex.

	December 31, 2017		
	Canada \$	Mexico \$	Total \$
Equipment	3,730	17,166	20,896
Exploration and evaluation assets	9,001	1,539,490	1,548,491
Total non-current assets	12,731	1,556,656	1,569,387

	December 31, 2016		
	Canada \$	Mexico \$	Total \$
Exploration and evaluation assets	9,001	–	9,001

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12. Fair Value Measurement

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, currency risk, liquidity risk, and market price risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits its cash with high credit quality major Canadian financial institutions as determined by ratings agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. Amounts receivable comprises of GST receivable from the Government of Canada and value-added tax receivable from the Government of Mexico.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As of December 31, 2017, the Company had cash of \$119,009 to settle current liabilities of \$406,831. Further information relating to liquidity risk is disclosed in Note 1 of these consolidated financial statements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held in bank accounts at Canadian and Mexican banks. Fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2017.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its short-term debt. The Company's short-term debt is subject to fixed interest rates thus any change in interest rates would not affect its short-term debt balances.

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12. Fair Value Measurement (continued)

Financial Risk Management (continued)

Foreign Currency Risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at December 31, 2017, the Company is exposed to currency risk as some transactions and balances are denominated in Mexican Pesos, as well as United States dollars.

Price Risk

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

13. Management of Capital

The Company considers its capital to consist of its share capital, equity reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of exploration and evaluation assets. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities in order to carry out planned exploration and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In addition, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017 compared to the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

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14. Commitments and Contingent Liabilities

During the year ended December 31, 2014, the Company negotiated debt settlements with two creditors. An agreement was reached to settle payables of \$282,007 with the two creditors for a total of \$70,501, resulting in a gain on settlement of payables of \$211,506. The Company must pay the \$70,501 upon completion of a financing of at least \$2,500,000.

Once a financing of at least \$2,500,000 is completed, the Company must pay \$49,867 of the negotiated amount within five days to one creditor and \$20,634 within 45 days to the other creditor. If either payment is not completed by the deadline, the debt settlement agreements are nullified and the Company must pay the initial payable amounts to each of the creditors. The Company must also comply with reasonable information requests from the creditors on a timely basis, otherwise the debt settlement agreements are nullified. At December 31, 2017, the balance owing of \$70,501 remains in accounts payable and accrued liabilities. All requests have been met and the agreements are in good standing.

15. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017 \$	2016 \$
Statutory enacted rates in Canada	26.00%	26.00%
Expected tax recovery at statutory rate	(488,000)	(40,000)
Adjustments:		
Non-deductible items and other	138,000	1,000
Changes in enacted tax rates	(123,000)	–
Foreign tax rate differences	(10,000)	–
Change in unrecognized deductible temporary differences	483,000	39,000
Income tax recovery	–	–

The significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

	December 31, 2017 \$	Expiry date range	December 31, 2016 \$	Expiry date range
Share issue costs	138,000	2021	3,000	2017
Non-capital loss carry forwards	8,584,000	2027 to 2037	7,268,000	2027 to 2036
Exploration and evaluation and oil and gas assets	11,189,000	No Expiry	10,912,000	No Expiry
Equipment	336,000	No Expiry	332,000	No Expiry
Marketable securities	166,000	No Expiry	166,000	No Expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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16. Subsequent Events

- (a) On December 9, 2017, the Company entered into an Asset Acquisition Agreement to acquire a 100% interest in the rights derived from a mining concession covering the lot referred to as San Carlos, located in Guanajuato State, Mexico. In consideration for the rights, the Company agreed to pay \$425,000, of which \$350,000 will be satisfied through the issuance of 5,000,000 common shares of the Company. The acquisition of San Carlos remains subject to regulatory approval.
- (b) On January 18, 2018, the Company completed the second tranche of its private placement of 10,746,600 units at a price of \$0.07 per unit for proceeds of \$752,262. Each unit consists of one common share of the Company and one non-transferrable warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 for a period of four years from the date of issuance. As part of the financing, the Company paid \$11,417 of finder's fees and issued 110,600 broker warrants with each warrant entitling the holder to purchase one common share of the Company at \$0.25 per share for a period of four years from the date of issuance.
- (c) On January 19, 2018, the Company repaid short-term debt of \$45,100 owing to a former director of the Company and a company controlled by a former director of the Company. Refer to Note 6.
- (d) On February 28, 2018, 500,000 stock options were cancelled.
- (e) On April 18, 2018, the Company granted 4,800,000 stock options to officers, directors, consultants and employees, which are exercisable at \$0.10 per share for a period of 5 years.