

SHOSHONI GOLD LTD.

Financial Statements

Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Shoshoni Gold Ltd.

We have audited the accompanying financial statements of Shoshoni Gold Ltd., which comprise the statement of financial position as at February 28, 2018, and the statements of comprehensive loss and operations, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Shoshoni Gold Ltd. as at February 28, 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Shoshoni Gold Ltd. to continue as a going concern.

Other Matter

The financial statements of Shoshoni Gold Ltd. for the year ended February 28, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2017.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 28, 2018

SHOSHONI GOLD LTD.
 Statements of Financial Position
 (Expressed in Canadian dollars)

	February 28, 2018 \$	February 28, 2017 \$
Assets		
Current assets		
Cash	308	460
Amounts receivable	9,567	7,765
Loan receivable (Note 3)	63,500	–
Total current assets	73,375	8,225
Non-current assets		
Exploration and evaluation assets (Note 6)	1	1
Reclamation bond (Note 4)	16,825	16,825
Total non-current assets	16,826	16,826
Total assets	90,201	25,051
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	365,449	300,490
Asset retirement obligation (Note 5)	16,825	16,825
Current portion of loans payable (Note 7)	38,436	35,936
Total current liabilities	420,710	353,251
Non-current liabilities		
Loans payable (Note 7)	139,260	–
Total liabilities	559,970	353,251
Shareholders' deficit		
Share capital	16,929,566	16,929,566
Contributed surplus	2,393,875	2,393,875
Deficit	(19,793,210)	(19,651,641)
Total shareholders' deficit	(469,769)	(328,200)
Total liabilities and shareholders' deficit	90,201	25,051

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2018:

/s/ "Glen Macdonald"
 Glen Macdonald, CEO

/s/ "Ken Ralfs"
 Ken Ralfs, Director

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

SHOSHONI GOLD LTD.Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended February 28, 2018 \$	Year ended February 28, 2017 \$
Expenses		
Consulting fees	53,800	89,500
Office and miscellaneous	26,727	23,829
Professional fees (Note 8)	31,500	24,170
Property investigation costs	–	12,095
Transfer agent and filing fees	4,542	14,929
Write-down of exploration and evaluation assets (Note 6)	25,000	2,296,719
Total expenses	141,569	2,461,242
Net loss and comprehensive loss	(141,569)	(2,461,242)
Loss per share, basic and diluted	(0.02)	(0.33)
Weighted average number of common shares outstanding	9,006,150	7,353,612

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

SHOSHONI GOLD LTD.Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Contributed Surplus \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, February 28, 2016	3,206,150	16,653,435	2,388,506	(17,190,399)	1,851,542
Shares issued for cash	5,800,000	276,131	5,369	–	281,500
Net loss for the year	–	–	–	(2,461,242)	(2,461,242)
Balance, February 28, 2017	9,006,150	16,929,566	2,393,875	(19,651,641)	(328,200)
Net loss for the year	–	–	–	(141,569)	(141,569)
Balance, February 28, 2018	9,006,150	16,929,566	2,393,875	(19,793,210)	(469,769)

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

SHOSHONI GOLD LTD.
 Statements of Cash Flows
 (Expressed in Canadian dollars)

	Year ended February 28, 2018 \$	Year ended February 28, 2017 \$
Operating activities		
Net loss for the year	(141,569)	(2,461,242)
Items not involving cash:		
Write-down of exploration and evaluation assets	–	2,296,719
Changes in non-cash operating working capital:		
Amounts receivable	(1,802)	(1,424)
Accounts payable and accrued liabilities	84,068	(105,652)
Net cash used in operating activities	(59,303)	(271,599)
Investing activities		
Loan receivable	(63,500)	–
Net cash used in investing activities	(63,500)	–
Financing activities		
Proceeds from loans payable	122,651	5,554
Proceeds from issuance of shares	–	266,500
Net cash provided by financing activities	122,651	272,054
Change in cash	(152)	455
Cash, beginning of year	460	5
Cash, end of year	308	460

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

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Shoshoni Gold Ltd. (the "Company") was incorporated April 23, 1985, under the Company Act of British Columbia, and extra-provincially registered in the Northwest Territories. The Company's principal activity is the exploration of resource properties. The Company's corporate office and principal place of business is at Suite 701, 595 Howe Street, Vancouver, British Columbia, Canada.

These 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 February 28, 2018 the Company has not generated any revenues from operations and has an accumulated deficit of \$19,793,210. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. 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 factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of estimates and judgments

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

Significant areas requiring the use of estimates include the collectability of loan receivable, impairment of exploration and evaluation assets, reclamation and environmental obligations, and unrecognized deferred income tax assets.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and evaluation expenditures

(i) Exploration and evaluation expenditures

Asset acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of asset acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable. Payments relating to assets acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the financial statements upon payment.

Option payments received are treated as a reduction of the carrying value of the related asset until the Company's option and/or royalty payments received are in excess of costs incurred and then are credited to income.

All expenditures related to the cost of exploration and evaluation of assets including acquisition costs for interests in mineral claims are classified and capitalized as intangible assets until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be depreciated over the estimated useful life of the property following commencement of commercial production or will be written off if the property is sold, allowed to lapse, abandoned, or determined to be impaired.

The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

(ii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carry amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 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 statement of operations.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Exploration and evaluation expenditures (continued)

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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 the statement of operations.

(e) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money and risks specific to the liability are used to calculate the net present value. These costs are charged to the statement of operations over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the statement of operations.

(f) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

SHOSHONI GOLD LTD.

Notes to the Financial Statements

Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable and loan receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and loans payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(g) 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 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.

SHOSHONI GOLD LTD.

Notes to the Financial Statements

Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Income Taxes (continued)

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 income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(i) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. When expenditures are renounced to flow through share investors, the deferred income tax liability associated with the renounced tax deductions is recognized through the statement of operations with a pro-rata portion of the deferred premium.

(j) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss 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.

(l) Comprehensive loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the years ended February 28, 2018 and 2017, the Company's did not have any items impacting comprehensive loss.

(m) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current period's presentation.

(n) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2018, and have not been applied in preparing these financial statements.

- IFRS 9, *Financial Instruments* (New)
- IFRS 2, *Share-based Payment* (Amended)

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

3. Loan Receivable

As at February 28, 2018, the Company has a loan receivable of \$63,500 (2017 - \$nil) from a non-related party which is non-interest bearing, unsecured, and due on demand.

4. Reclamation Bond

The bond posted during fiscal 2008 by the Company in anticipation of the drilling on the Sunrise Natural Gas Lands is held in trust for the Company until such time as any required reclamation has been completed. The funds do not bear interest, and fair value is not readily determinable.

5. Asset Retirement Obligation

	Sunrise \$
Balance, February, 28 ,2017 and 2018	16,825

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

	Kirkland Creek \$
Acquisition costs:	
Balance, February 29, 2016	474,830
Additions	25,000
Write-down	(499,829)
<u>Balance, February 28, 2017 and 2018</u>	<u>1</u>
Exploration costs:	
Balance, February 29, 2016	1,796,890
Write-down	(1,796,890)
<u>Balance, February 28, 2017 and 2018</u>	<u>–</u>
Carrying amounts:	
<u>Balance, February 28, 2017</u>	<u>1</u>
<u>Balance, February 28, 2018</u>	<u>1</u>

Kirkland Creek Property Claims

The Company has negotiated the purchase of the Kirkland Creek Property, located 120 kilometers northwest of Whitehorse, Yukon, in the Ashihik Lake region. The property originally was comprised of 144 claims totaling approximately 7,300 acres. The Company paid the vendor 2,000,000 common shares for a 100% interest in the property. The vendor will retain a 3% net smelter royalty ("NSR") on any mineral production from the property. Effective November 2010, an advance royalty of \$25,000 is payable annually, the Company has paid \$175,000 cumulatively to February 29, 2016. The Company has the right to purchase up to 2% of the 3% NSR for \$1,000,000 per percentage point. On May 7, 2007, the Company announced that it had expanded the property by staking an additional 36 claims (1,830 acres) adjoining the original 144-claim block. The Company has allowed some of the claims it considers to be of lesser importance to lapse. The Kirkland Creek property now consists of 40 contiguous claims.

During the year ended February 28, 2017, as a result of applying IFRS 6, the Company has been forced to write down this property by \$2,296,719 to a nominal amount of \$1 as a result of not meeting the criteria for expenditures on the property. Under IFRS 6, where substantial expenditures are neither budgeted nor planned there is an indicator of impairment.

7. Loans Payable

- (a) As at February 28, 2018, the amount of \$18,936 (2017 - \$18,936) is owed to a non-related party which bears interest at 20% per annum compounded monthly, is unsecured, and is due on September 30, 2019.
- (b) As at February 28, 2018, the amount of \$7,000 (2017 - \$7,000) is owed to a non-related party which bears interest at 20% per annum, is unsecured, and is due on demand.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

7. Loans Payable (continued)

- (c) As at February 28, 2018, the amount of \$10,000 (2017 - \$10,000) is owed to a non-related party which bears interest at 20% per annum, is unsecured, and is due on demand.
- (d) As at February 28, 2018, the amount of \$2,500 (2017 - \$nil) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.
- (e) As at February 28, 2018, the total amount of \$105,760 (2017 - \$nil) is owed to non-related parties which bears interest at 10% per annum, is unsecured, and is due on September 30, 2019.
- (f) As at February 28, 2018, the amount of \$33,500 (2017 - \$nil) is owed to the Chief Executive Officer of the Company which bears interest at 10% per annum, is unsecured, and is due on September 30, 2019.

8. Related Party Transactions

- (a) During the year ended February 28, 2018, the amount of \$11,500 (2017 – \$nil) was incurred to the Chief Executive Officer of the Company for consulting fees.
- (b) As at February 28, 2018, the amount of \$2,363 (2017 – \$nil) was owed to a company controlled by the Chief Financial Officer of the Company, which is non-interest bearing, unsecured, and due on demand.
- (c) During the year ended February 28, 2018, the amount of \$20,000 (2017 – \$6,750) was incurred to a company controlled by the Chief Financial Officer of the Company for professional fees.

9. Share Capital

Authorized: Unlimited common shares without par value

- (a) During the year ended February 28, 2017, the Company completed a 10 for 1 share consolidation. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation during the period.
- (b) On June 6, 2016, the Company completed the first tranche of a private placement and issued 4,220,000 units for gross proceeds of \$211,000. Each unit consisted of one common share and one transferable share purchase warrant, each warrant is exercisable into one additional common share at a price of \$0.05 for a period of three years from the date of issuance. As part of this placement, the Company paid a finders' fee of \$2,600.
- (c) On June 28, 2016, the Company completed the second tranche of the placement and issued 1,580,000 units for gross proceeds of \$79,000. Each unit consisted of one common share and one transferable share purchase warrant, each warrant is exercisable into one additional common share at a price of \$0.05 for a period of three years from the date of issuance. As part of this placement, the Company paid a finders' fee of \$5,900. In addition, the Company issued 118,000 agent's warrants with the same terms as the financing. The Company has estimated the fair value of the agent's warrants to be \$5,369 based on the Black-Scholes option pricing model. The assumptions used included a risk-free interest rate of 1.65%, an expected life of three years, and an annualized volatility rate of 194%.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

10. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, February 28, 2016	–	–
Issued	5,918,000	0.05
Balance, February 28, 2017 and 2018	5,918,000	0.05

As at February 28, 2018, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
4,220,000	0.05	June 6, 2019
1,698,000	0.05	June 28, 2019
5,918,000		

11. Stock Options

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers, and employees to acquire common shares. The essential elements of the 2015 Stock Option Plan ("Plan") provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the fair market value price of the shares on the date of grant of the options (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date). Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors. There were no options issued or outstanding during the years ended February 28, 2018 and 2017.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and contributed surplus.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended February 28, 2017.

SHOSHONI GOLD LTD.

Notes to the Financial Statements

Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

13. Financial Instruments and Risks

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2018 is as follows:

	Fair value measurements using			Balance, February 28, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	308	–	–	308

The fair values of other financial instruments, which include amounts receivable, loan receivable, and accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and amounts receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Amounts receivable consists of GST receivable from the Government of Canada. The carrying amount of these financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Foreign Exchange Risk

The Company is not currently exposed to significant foreign exchange risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

SHOSHONI GOLD LTD.

Notes to the Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

14. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rates) of the significant temporary differences, which comprise of deferred income tax assets and liabilities, are as follows:

	2018 \$	2017 \$
Canadian statutory income tax rate	26.17%	26%
Income tax recovery at statutory rate	(37,530)	(639,923)
Tax effect of:		
Change in enacted tax rates	(113,215)	–
Change in unrecognized deferred income tax assets	150,745	639,923
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2018 \$	2017 \$
Deferred income tax assets		
Non-capital losses carried forward	945,701	910,597
Net capital losses carried forward	11,363	10,942
Property and equipment	6,013	5,791
Resource properties	2,202,132	2,124,946
Share issuance costs	2,241	2,509
Total gross deferred income tax assets	3,167,450	3,054,785
Unrecognized deferred income tax assets	(3,167,450)	(3,054,785)
Net deferred income tax asset	–	–

As at February 28, 2018, the Company has non-capital losses carried forward of \$3,645,704, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2026	197,299
2027	294,153
2028	294,400
2029	306,559
2030	301,227
2031	417,624
2032	397,356
2033	507,328
2034	275,866
2035	149,902
2036	180,300
2037	180,281
2038	143,409
	3,645,704

The Company also has available mineral resource related expenditure pools totalling \$8,156,045, which may be deducted against future taxable income on a discretionary basis.