

**SHOSHONI GOLD LTD.**

Financial Statements

Years Ended February 28, 2019 and 2018

(Expressed in Canadian dollars)

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Shoshoni Gold Ltd.

#### Opinion

We have audited the financial statements of Shoshoni Gold Ltd. (the "Company"), which comprise the statements of financial position as at February 28, 2019 and 2018, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company did not generate any revenue during the year ended February 28, 2019 and, as of that date, the Company has a working capital deficit of \$781,955 and an accumulated deficit of \$19,959,746. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Lonny Wong.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 28, 2019

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

	February 28, 2019 \$	February 28, 2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	8,503	308
Amounts receivable	13,892	9,567
Loan receivable (Note 3)	–	63,500
<b>Total current assets</b>	<b>22,395</b>	<b>73,375</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 6)	128,825	1
Reclamation bond (Note 4)	16,825	16,825
<b>Total non-current assets</b>	<b>145,650</b>	<b>16,826</b>
<b>Total assets</b>	<b>168,045</b>	<b>90,201</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 8)	609,829	365,449
Asset retirement obligation (Note 5)	16,825	16,825
Current portion of loans payable (Note 7)	177,696	38,436
<b>Total current liabilities</b>	<b>804,350</b>	<b>420,710</b>
<b>Non-current liabilities</b>		
Loans payable (Note 7)	–	139,260
<b>Total liabilities</b>	<b>804,350</b>	<b>559,970</b>
<b>Shareholders' deficit</b>		
Share capital	16,929,566	16,929,566
Share-based payment reserve	2,393,875	2,393,875
Deficit	(19,959,746)	(19,793,210)
<b>Total shareholders' deficit</b>	<b>(636,305)</b>	<b>(469,769)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>168,045</b>	<b>90,201</b>

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2019:

/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, 2019 \$	Year ended February 28, 2018 \$
Expenses		
Consulting fees (Note 8)	105,000	53,800
Office and miscellaneous	13,064	3,678
Professional fees (Note 8)	18,250	31,500
Transfer agent and filing fees	4,664	4,542
Write-down of exploration and evaluation assets (Note 6)	–	25,000
<b>Total expenses</b>	<b>140,978</b>	<b>118,520</b>
Loss before other expense	(140,978)	(118,520)
Other expense		
Interest expense	(25,558)	(23,049)
<b>Net loss and comprehensive loss</b>	<b>(166,536)</b>	<b>(141,569)</b>
Loss per share, basic and diluted	(0.02)	(0.02)
Weighted average number of common shares outstanding	9,006,150	9,006,150

(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		Share-based payment reserve \$	Deficit \$	Total shareholders' deficit \$
	Number of shares	Amount \$			
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)
Net loss for the year	–	–	–	(166,536)	(166,536)
Balance, February 28, 2019	9,006,150	16,929,566	2,393,875	(19,959,746)	(636,305)

(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, 2019 \$	Year ended February 28, 2018 \$
<b>Operating activities</b>		
Net loss for the year	(166,536)	(141,569)
Changes in non-cash operating working capital:		
Amounts receivable	(4,325)	(1,802)
Accounts payable and accrued liabilities	150,556	84,068
<b>Net cash used in operating activities</b>	<b>(20,305)</b>	<b>(59,303)</b>
<b>Investing activities</b>		
Loan receivable advances	–	(63,500)
Proceeds from loan receivable	63,500	–
Exploration and evaluation expenditures	(35,000)	–
<b>Net cash provided by (used in) investing activities</b>	<b>28,500</b>	<b>(63,500)</b>
<b>Financing activities</b>		
Proceeds from loans payable	–	122,651
<b>Net cash provided by financing activities</b>	<b>–</b>	<b>122,651</b>
Change in cash	8,195	(152)
Cash, beginning of year	308	460
<b>Cash, end of year</b>	<b>8,503</b>	<b>308</b>
<b>Non-cash Investing and Financing Activities:</b>		
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	93,824	–

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

# SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(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 located 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, 2019 the Company has not generated any revenues from operations, has a working capital deficit of \$781,955, and has an accumulated deficit of \$19,959,746. 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) 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, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (b) Use of Estimates and Judgments (continued)

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) Application of New IFRS

##### *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new expected credit loss ("ECL") model for all financial assets in scope of the impairment requirements. The new ECL will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

The Company adopted the amendments to IFRS 9, effective March 1, 2018 using the full retrospective method, with no significant impact on the Company's financial statements.

#### (d) 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.

#### (e) 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.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (e) Exploration and Evaluation Expenditures (continued)

##### (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.

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.

#### (f) 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.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	FVTPL
Amounts receivable	Amortized cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

#### Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss. The Company's accounts payable and accrued liabilities, loans payable, and amounts due to related parties are measured at amortized cost.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (g) Financial Instruments (continued)

##### Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, 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.

#### (h) Financial Liabilities and Equity Instruments

##### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

##### Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (i) 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.

##### 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.

#### (j) 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.

#### (k) 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.

#### (l) 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.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (l) Share-based Payments (continued)

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.

#### (m) Reclassifications

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

#### (n) 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. As at February 28, 2019 and 2018, the Company has 5,918,000 potentially dilutive shares outstanding.

#### (o) 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, 2019 and 2018, the Company's did not have any items impacting comprehensive loss.

#### (p) 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, 2019, and have not been applied in preparing these financial statements.

##### New standard IFRS 16, "Leases"

The Company has not early adopted this revised standard and it will not have a significant impact 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, 2019, the Company has a loan receivable of \$nil (2018 - \$63,500) 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.

## SHOSHONI GOLD LTD.

Notes to the Financial Statements  
Years Ended February 28, 2019 and 2018  
(Expressed in Canadian dollars)

### 5. Asset Retirement Obligation

	Sunrise \$
Balance, February 28, 2018 and 2019	16,825

### 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 28, 2017	1
Additions	25,000
Write-down	(25,000)
Balance, February 28, 2018	1
Additions	25,000
Balance, February 28, 2019	25,001
Exploration costs:	
Balance, February 28, 2017 and 2018	–
Additions (Note 8)	103,824
Balance, February 28, 2019	103,824
Carrying amounts:	
Balance, February 28, 2018	1
Balance, February 28, 2019	128,825

#### 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 incurred \$250,000 cumulatively to February 28, 2019. 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 was 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. During the year ended February 28, 2019, the Company resumed exploration activities on the property.

## **SHOSHONI GOLD LTD.**

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### **7. Loans Payable**

- (a) As at February 28, 2019, the amount of \$18,936 (2018 - \$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. As at February 28, 2019, accrued interest of \$21,697 (2018 - \$14,386) has been recorded in accounts payable and accrued liabilities.
- (b) As at February 28, 2019, the amount of \$7,000 (2018 - \$7,000) is owed to a non-related party which bears interest at 20% per annum, is unsecured, and is due on demand. As at February 28, 2019, accrued interest of \$5,600 (2018 - \$4,200) has been recorded in accounts payable and accrued liabilities.
- (c) As at February 28, 2019, the amount of \$10,000 (2018 - \$10,000) is owed to a non-related party which bears interest at 20% per annum, is unsecured, and is due on demand. As at February 28, 2019, accrued interest of \$8,388 (2018 - \$5,467) has been recorded in accounts payable and accrued liabilities.
- (d) As at February 28, 2019, the amount of \$2,500 (2018 - \$2,500) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.
- (e) As at February 28, 2019, the total amount of \$105,760 (2018 - \$105,760) is owed to non-related parties which bears interest at 10% per annum, is unsecured, and is due on September 30, 2019. As at February 28, 2019, accrued interest of \$18,247 (2018 - \$7,671) has been recorded in accounts payable and accrued liabilities.
- (f) As at February 28, 2019, the amount of \$33,500 (2018 - \$33,500) 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. As at February 28, 2019, accrued interest of \$5,784 (2018 - \$2,434) has been recorded in accounts payable and accrued liabilities.

### **8. Related Party Transactions**

- (a) As at February 28, 2019, the amount of \$31,194 (2018 - \$2,434) was owed to a company controlled by the Chief Executive Officer of the Company which is recorded in accounts payable and accrued liabilities. The amount due is non-interest bearing, unsecured, and due on demand.
- (b) During the year ended February 28, 2019, the amount of \$31,128 (2018 - \$nil) was incurred to the Chief Executive Officer of the Company for exploration costs.
- (c) During the year ended February 28, 2019, the amount of \$11,500 (2018 - \$11,500) was incurred to the Chief Executive Officer of the Company for consulting fees.
- (d) During the year ended February 28, 2019, the amount of \$nil (2018 - \$20,000) 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

During the year ended February 28, 2018, the Company completed a 10 for 1 share consolidation. All references to number of shares and per share amounts were retroactively restated to reflect the consolidation during the period.

## SHOSHONI GOLD LTD.

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### 10. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, February 28, 2017, 2018, and 2019	5,918,000	0.05

As at February 28, 2019, 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
<u>5,918,000</u>		

### 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, 2019 and 2018.

### 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 share-based payment reserve.

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, 2018.

## SHOSHONI GOLD LTD.

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### 13. Financial Instruments and Risk Management

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, 2019 is as follows:

	Fair value measurements using			Balance, February 28, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	8,503	–	–	8,503

The fair values of other financial instruments, which include amounts receivable, loan receivable, 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 Rate Risk*

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

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### 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:

	2019 \$	2018 \$
Canadian statutory income tax rate	27%	26.17%
Income tax recovery at statutory rate	(44,965)	(37,530)
Tax effect of:		
Change in enacted tax rates	–	(113,215)
True up of prior year differences	18,928	–
Change in unrecognized deferred income tax assets	26,037	150,745
Income tax provision	–	–

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

	2019 \$	2018 \$
Deferred income tax assets		
Non-capital losses carried forward	1,017,126	984,340
Net capital losses carried forward	11,363	11,363
Property and equipment	6,319	6,013
Resource properties	2,195,638	2,202,132
Share issuance costs	1,121	1,681
Total gross deferred income tax assets	3,231,567	3,205,530
Unrecognized deferred income tax assets	(3,231,567)	(3,205,530)
Net deferred income tax asset	–	–

As at February 28, 2019, the Company has non-capital losses carried forward of \$3,767,135, 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	507,329
2034	275,866
2035	146,902
2036	175,248
2037	168,307
2038	118,329
2039	166,536
	3,767,135

The Company also has available mineral resource related expenditure pools totalling \$8,260,819, which may be deducted against future taxable income on a discretionary basis.