INDEPENDENCE
GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Independence Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Independence Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 23, 2019

INDEPENDENCE GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		December 31, 2018		December 31, 2017
ASSETS				
Current				
Cash and cash equivalents	$	1,913,861	$	1,559,526
Short-term investments (Note 4)		-		1,207,880
Receivables (Note 5, 12)		15,514		343,648
Investments (Note 6)		384,987		96,120
		2,314,362		3,207,174
Long-term deposit (Note 11)		70,683		101,888
Land use deposits (Note 7)		72,000		72,000
Equipment (Note 8)		61,232		87,747
Mineral properties (Note 9)		10,444,094		11,848,726
	$	12,962,371	$	15,317,535
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10, 12)	$	189,483	$	309,358
		189,483		309,358
Shareholders' equity				
Share capital (Note 13)		35,495,295		35,495,295
Reserves (Note 13)		323,845		407,016
Deficit		(23,046,252)		(20,894,134)
		12,772,888		15,008,177
	$	12,962,371	$	15,317,535

Nature and continuance of operations (Note 1)
Basis of preparation (Note 2)
Commitments (Note 11)
Subsequent events (Note 19)

Approved and authorized by the Board on April 23, 2019

"Kendra Johnston"	*"Randy Turner"*
Kendra Johnston, Director	Randy C. Turner, Director

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

INDEPENDENCE GOLD CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

	2018	2017
Expenses		
Exploration expenditures (Note 9)	$ 47,709	$ 1,627,634
Property investigation (Note 12)	100,015	54,883
Depreciation	26,515	26,515
Insurance	3,662	13,616
Legal, audit and accounting	65,704	60,064
Management and director fees (Note 12)	271,200	248,763
Office and miscellaneous	61,040	26,212
Regulatory and transfer agent fees	21,782	13,306
Rent	131,642	90,546
Share-based compensation (Note 13)	-	354,852
Shareholder communications	54,852	89,676
Travel	15,862	14,810
Wages and benefits	120,813	155,522
	(920,796)	(2,776,399)
Interest income	36,555	51,366
Unrealized (loss) gain on investments (Note 6)	(105,257)	26,899
Gain on sale of mineral properties (Note 6)	113,800	67,971
Write-off of mineral properties (Note 9)	(1,176,032)	-
Write-off of accounts receivable (Note 12)	(183,559)	-
	(1,314,493)	146,236
Loss and comprehensive loss for the year	$ (2,235,289)	$ (2,630,163)
Basic and diluted loss per common share	$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	56,090,392	56,025,597

INDEPENDENCE GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

	2018	2017
Cash flows from operating activities		
Loss for the year	$ (2,235,289)	$ (2,630,163)
Items not affecting cash:		
Depreciation	26,515	26,515
Write-off of mineral properties	1,176,032	-
Write-off of accounts receivable	183,559	-
Share-based compensation	-	354,852
Interest on short-term investments	10,714	17,274
Gain on sale of mineral properties	(113,800)	(67,971)
Unrealized gain (loss) on investments	105,257	(26,899)
Changes in non-cash working capital items:		
Decrease (increase) in prepaid expenses	-	11,111
Decrease (increase) in receivables	57,851	(35,392)
Decrease (increase) in accounts payable and accrued liabilities	(119,875)	66,016
Net cash used in operating activities	(909,036)	(2,284,657)
Cash flows from financing activities		
Issuance of common shares for cash	-	120,000
Net cash provided by financing activities	-	120,000
Cash flows from investing activities		
Decrease (increase) in long-term deposit	31,205	(28,751)
Sale of mineral properties	35,000	-
Acquisition of mineral properties	-	(60,445)
Decrease in short-term investments	1,197,166	1,904,955
Decrease of exploration advances	-	(5,000)
Net cash provided by investing activities	1,263,371	1,810,759
Change in cash and cash equivalents during the year	354,335	(353,898)
Cash and cash equivalents, beginning of the year	1,559,526	1,913,424
Cash and cash equivalents, end of the year	$ 1,913,861	$ 1,559,526

Supplemental disclosure with respect to cash flows (Note 15)

	2018	2017
Cash and cash equivalents consist of:		
Cash	$ 124,182	$ 203,298
Cash equivalents	1,789,679	1,356,228
	1,913,861	1,559,526
Cash received for interest:	$ 33,653	$ 58,612

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

INDEPENDENCE GOLD CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

	Share Capital								
	Number		Amount		Reserves		Deficit		Total
Balance, December 31, 2016	55,490,392	$	35,265,861	$	520,982	$	(18,623,355)	$	17,163,488
Issued for incentive stock options (Note 13)	600,000		229,434		(109,434)		-		120,000
Reserves transferred on cancelled/expired options	-		-		(359,384)		359,384		-
Share-based compensation (Note 13d)	-		-		354,852		-		354,852
Loss for the year	-		-		-		(2,630,163)		(2,630,163)
Balance, December 31, 2017	56,090,392	$	35,495,295	$	407,016	$	(20,894,134)	$	15,008,177
Reserves transferred on cancelled/expired options (Note 10c)	-		-		(83,171)		83,171		-
Net loss for the year	-		-		-		(2,235,289)		(2,235,289)
Balance, December 31, 2018	56,090,392	$	35,495,295	$	323,845	$	(23,046,252)	$	12,772,888

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Independence Gold Corp. ("Independence" or the "Company") was incorporated under the Business Corporation Act (British Columbia) on November 1, 2011 and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its properties contain economically recoverable mineral reserves.

The Company's head office and principal address is 1020 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These consolidated financial statements have been prepared by management on a 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 for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes that the Company has sufficient working capital to maintain its operations for the upcoming fiscal year.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2018	**2017**
Deficit	$ (23,046,252)	$ (20,894,134)
Working capital	$ 2,124,879	$ 2,897,816

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. Certain prior year figures have been reclassified to conform with current year presentation.

These consolidated financial statements incorporate the financials statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 12). All significant intercompany transactions and balances have been eliminated upon consolidation.

2. BASIS OF PREPARATION *(continued)*

Use of Estimates

The preparation of 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 the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

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

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Management has determined that mineral costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

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

<u>Valuation of share-based payments</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expect timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes Option Pricing Model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

credited to share capital. For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against the deficit.

Marketable securities

Investments in marketable securities have been designated as fair value through profit or loss and are recorded at fair value. Fair value through profit or loss investments are determined by reference to the last bid price on the date of the statement of financial position. Changes in fair value are recognized in profit or loss in the period for which they occur.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss and comprehensive loss.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

<u>Financial assets</u>

The Company adopted all of the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

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

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Equipment and mineral properties

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IRFS 6. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure related costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluating the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company does not have any significant environmental rehabilitation provisions.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market 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 profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Income taxes

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

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Government assistance

When the Company is entitled to recover mineral exploration tax credits and grants, this government assistance is recognized as a recovery against the related exploration expenditures where there is reasonable assurance of recovery.

New standards not yet adopted

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Company plans to apply IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company intends to apply the following practical expedients permitted under the new standard:

- Leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients

As at January 1, 2019 the Company expects to recognize approximately $1.0 million in right-of-use assets and $1 million of incremental lease obligations.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of certain fixed income securities. Interest is recognized on these investments as it is earned.

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2018	December 31, 2017
GST Receivable	$ 4,124	$ 21,516
Other Receivable (Note 12)	11,390	322,132
Total	$ 15,514	$ 343,648

6. MARKETABLE SECURITIES

	December 31, 2018	December 31, 2017
Rojo Resources Ltd.	$ 2,000	$ 2,000
Metallic Minerals Corp.	42,009	94,120
ATAC Resources Ltd.	15,600	-
White Gold Corp.	256,000	-
Canterra Minerals Corporation	69,378	-
Total	$ 384,987	$ 96,120

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES *(continued)*

As at December 31, 2018, the Company holds 5,000 (December 31, 2017 – 5,000) common shares of Rojo Resources Ltd., a public company listed on the TSX Venture Exchange. These shares were received in a previous fiscal year pursuant to mineral property option agreements with the Company, at a value of $42,000.

As at December 31, 2018, the Company holds 200,000 common shares (December 31, 2017 – 200,000) and 200,000 warrants (December 31, 2017 – 200,000) of Metallic Minerals Corporation pursuant to the sale of certain mineral properties that were written off in previous fiscal years. The common shares were recorded at fair value and the warrants were recorded at fair value using the Black-Scholes option pricing model. The Company revalues the common shares and warrants at each reporting period. Any changes in the fair value of the common shares and warrants is recorded in profit or loss.

The common shares and warrants when received had a fair value of $64,000 and $3,971, respectively. The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	2018	**2017**
Risk-free interest rate	2.03%	0.62 – 1.81%
Expected life of warrants	Less than 1 year	1.75 – 2.00 years
Expected annualized volatility	30%	30%
Expected dividend rate	0%	0%

On August 31, 2018, the Company received 60,000 common shares of ATAC Resources Ltd., pursuant to the sale of the Stinger property. The common shares received had a fair value of $30,600.

On September 18, 2018, the Company sold its Henderson, Flow and Birdman properties to White Gold Corp. in exchange for an aggregate of $35,000 cash and 160,000 common shares of White Gold Corp. The 160,000 common shares received on October 15, 2018 had a fair value of $276,800.

On October 3, 2018, the Company received 3,468,933 common shares of Canterra Minerals Corporation pursuant to the debt settlement agreement and had a fair value of $86,723.

7. LAND USE DEPOSITS

The Company has provided deposits as security for land use and potential future reclamation work relating to its mineral properties. As at December 31, 2018 a total of $72,000 (December 31, 2017 - $72,000) had been lodged with the British Columbia Ministry of Energy, Mines & Petroleum Resources.

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

8. EQUIPMENT

		Leasehold Improvements		Total
COST				
Balance, December 31, 2016	$	134,149	$	134,149
Additions/(dispositions)		-		-
Balance, December 31, 2017		134,149		134,149
Additions/(dispositions)		-		-
Balance, December 31, 2018	$	**134,149**	$	**134,149**
ACCUMULATED DEPRECIATION				
Balance, December 31, 2016	$	19,887	$	19,887
Additions/(dispositions)		26,515		26,515
Balance, December 31, 2017		46,402		46,402
Additions/(dispositions)		26,515		26,515
Balance, December 31, 2018	$	**72,917**	$	**72,917**
CARRYING AMOUNTS				
Balance, December 31, 2016	$	114,262	$	114,262
Balance, December 31, 2017	$	87,747	$	87,747
Balance, December 31, 2018	$	**61,232**	$	**61,232**

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9. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties, except as described below are properly registered and in good standing.

The Company holds interest in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

		December 31 2018		December 31 2017
BRITISH COLUMBIA				
3Ts PROJECT				
Taken Property	$	**345,693**	$	**345,693**
A 100% interest in certain claims. The property is subject to a sliding scale net smelter returns royalty ("NSR") ranging from 2.0% to 4.0%. The Company may reduce the NSR to 1.0% by paying $2,000,000 per percent.				
Tam Property		**1,750,979**		**1,750,979**
A 100% interest, subject to a 1.0% NSR, one-half of which may be purchased back for $250,000.				
Tsacha Property		**2,121,788**		**2,121,788**
A 100% interest in certain claims subject to a 2.0% NSR.				
Tommy Lake Property		**17,518**		**17,518**
A 100% interest.				
YUKON				
BOULEVARD PROJECT				
Boulevard Property		**4,683,537**		**4,683,537**
A 100% interest, subject to a 2.0% NSR. Upon completion of a 43-101 report with specific resource estimates, the Company will be obligated to issue a further 1,000,000 common shares.				
YCS Property		**425,237**		**425,237**
A 100% interest, subject to a 2.0% NSR. The Company can buy-back one-half of the NSR for $1,000,000.				
Solitude Property		**865,566**		**865,566**
A 100% interest.				
Tiger Property		**233,776**		**233,776**
A 100% interest, subject to a 2.0% NSR. The Company can buy-back one-half of the NSR for $2,000,000.				
WHITE GOLD PROPERTIES				
Henderson Property		**-**		**1,271,780**
On September 17, 2018, the Company sold this property for $25,000 cash and 100,000 common shares of White Gold Corp. valued at $173,000 and wrote-down acquisition costs of $1,073,780 associated with this property.				
Moosehorn Property		**-**		**88,416**
On December 31, 2018, the Company wrote off this property in the amount of $88,416.				
Stinger Property		**-**		**44,436**
On August 27, 2018, the Company sold this property in exchange for 60,000 common shares of ATAC Resources Ltd., valued at $30,600 (Note 6) and wrote-down acquisition costs of $13,836 associated with this property.				
	$	**10,444,094**	$	**11,848,726**

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9. MINERAL PROPERTIES *(continued)*

On September 17, 2018, the Company entered into property purchase agreements whereby the Henderson, Flow, and Birdman properties were purchased by White Gold Corp. for an aggregate value of $35,000 cash and 160,000 common shares valued at $276,800 (Note 6). Under the terms of the property purchase agreements, the Henderson property was sold in exchange for $25,000 cash and 100,000 common shares of White Gold Corp. The Company wrote-down acquisition costs of $1,073,780 (Note 6) associated with this property. The Flow and Birdman properties that were previously written-down were sold in exchange for an aggregate value of $10,000 cash and 60,000 common shares of White Gold Corp.

During the year ended December 31, 2018, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the period
BRITISH COLUMBIA								
3Ts Project	$ 22,308	$ -	$ -	$ 1,775	$ 11,914	$ -	$ -	$ 35,997
YUKON								
Boulevard Project	32,354		2,080	-	29,825	2,459	-	66,718
Henderson	5,125	1,527	-	24	5,934	-	(40,000)	(27,390)
Moosehorn	3,533	1,528	-	-	1,434	-	(39,888)	(33,393)
Flow	1,862	-	-	-	756	-	-	2,618
Stinger	2,694	-	-	-	2,624	-	-	5,318
Others*	14	-	(2,231)	-	58	-	-	(2,159)
	$ 67,890	**$ 3,055**	**$ (151)**	**$ 1,799**	**$ 52,545**	**$ 2,459**	**$ (79,888)**	**$ 47,709**

*Others include Rosebute and Wolf Creek.

During the year ended December 31, 2017, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the period
BRITISH COLUMBIA								
3Ts Project	$ 15,556	$ 91,310	$ 556	$ 4,099	$ 14,090	$ -	$ (14,458)	$ 111,153
YUKON								
Boulevard Project	59,970	302,904	884,566	23,651	36,748	59,358	(58,610)	1,308,587
Henderson	3,084	29,139	24,573	78,861	3,478	-	-	139,135
Moosehorn	1,663	37,837	-	2,788	2,878	-	(40,000)	5,166
Flow	210	-	2,842	1,148	9,421	-	-	13,441
Stinger	1,204	-	-	3,514	-	-	-	4,718
Wolf Creek	2,186	-	-	-	88	-	-	2,274
Rosebute	651	40,115	-	-	987	-	-	41,663
Keno	1,497	-	-	-	-	-	-	1,497
	$ 86,021	**$501,305**	**$912,537**	**$ 114,061**	**$ 67,420**	**$ 59,358**	**$ (113,068)**	**$ 1,627,634**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2018	December 31, 2017
Trade payables	59,905	181,279
Accrued liabilities	129,578	128,079
Total	$ 189,483	$ 309,358

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11. COMMITMENTS

a) The Company entered into an operating lease agreement for its premises expiring in 2021. The minimum annual commitment for basic rent under this lease is as follows:

2019	$	92,642
2020	$	92,942
2021	$	23,162

b) In January 2012, the Company entered into a management agreement with a company controlled by a director which requires the Company to pay $21,666 per month for geological consulting, management and administrative services. The agreement contains clauses which provides between 24 and 36 months remuneration should the contract be terminated or certain specified transactions occur. Effective September 1, 2014 this fee was reduced to $16,250 per month. This fee was further reduced to $8,500 per month effective December 1, 2017.

c) On June 24, 2016, the Company completed a Private Placement in which Goldcorp Inc. (“Goldcorp”) acquired approximately 19.9% of the issued and outstanding common shares of the Company and entered into an Investors’ Rights Agreement (the “Agreement”). Pursuant to the Agreement, Goldcorp has been granted the right to maintain its pro rata ownership percentage during future financings and the right (but not the obligation) to participate in any future equity financing to the extent required to allow Goldcorp to maintain its equity ownership in the Company to a maximum of 19.9% of the issued and outstanding shares, provided that Goldcorp holds not less than 7.5% of the Company. Goldcorp also has the right to match non-equity financing and tolling arrangements related to future exploration on the Company’s current and future Yukon properties and a 30 day right of first refusal over any sale, in full or part, of the Company’s interest in the Boulevard Project.

12. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Independence Gold Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership	Principal Activity
Golden Pavilion Resources Ltd.	British Columbia, Canada	100%	Holding company
Silver Quest Resources (US) Ltd.	Nevada, USA	100%	Inactive

Key Management Personnel

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

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS *(continued)*

Compensation paid or payable to key management for services rendered are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Management fees	$ 226,200	$ 217,763
Geological consulting fees	47,290	27,229
Directors fees	45,000	31,000
Share-based compensation	-	316,720
Property investigation	35,510	858
Total	**$ 354,000**	**$ 593,288**

Included in receivables at December 31, 2018 is $9,683 (December 31, 2017 - $258,576) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at December 31, 2018 is $9,750 (December 31, 2017 - $125,605) due to directors and companies with directors and/or officers in common.

The Company provides geological, office and administrative services to public companies with common directors. During the year ended, December 31, 2018 the Company received or accrued $28,275 (December 31, 2017 - $52,850) for rent and $24,712 (December 31, 2017 - $98,729) for accounting, investor relations, geology and other.

On October 2, 2018, the Company entered into a debt settlement agreement with Canterra Minerals Corporation ("Canterra"), a company with common directors and/or officers, whereby Canterra issued 3,468,933 common shares to the Company for $173,447 of debt. As part of the debt settlement agreement, the Company also forgave $96,836 debt owed by Canterra.

13. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

The Company did not issue any shares during the year ended December 31, 2018.

During the year ended December 31, 2017 the Company issued 600,000 common shares with an aggregate value of $120,000 pursuant to the exercise of incentive stock options.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

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13. SHARE CAPITAL AND RESERVES *(continued)*

c) Stock options *(continued)*

As at December 31, 2018, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
200,000	$ 0.15	June 2, 2020
405,000	$ 0.20	May 18, 2021
1,700,000	$ 0.25	March 1, 2022
200,000	$ 0.20	November 2, 2022
2,505,000		

Stock option transactions are summarized as follows:

	December 31, 2018		**December 31, 2017**	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Balance, beginning of year	3,370,000	$ 0.22	3,785,000	$ 0.20
Granted	-	-	2,400,000	$ 0.25
Exercised	-	-	(600,000)	$ 0.20
Expired/cancelled	(865,000)	$ 0.21	(2,215,000)	$ 0.21
Balance, end of year	2,505,000	$ 0.23	3,370,000	$ 0.22
Options exercisable, end of year	**2,505,000**	**$ 0.23**	**3,370,000**	**$ 0.22**

d) Share-based compensation

During the year ended December 31, 2018, the Company granted Nil (December 31, 2017 - 2,400,000) stock options with a fair value of $Nil (December 31, 2017 - $354,852) or $Nil (December 31, 2017 - $0.15) per option. All options vest immediately on grant. The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted years:

	2018	**2017**
Risk-free interest rate	-	1.03%
Expected life of options	-	5 years
Annualized volatility	-	86.91%
Weighted average FV	-	$ 0.15
Expected dividend rate	-	0%

e) Warrants

As at December 31, 2018 and 2017 the Company had no outstanding share purchase warrants.

14. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in North America. All of the Company's capital assets are located in Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the year ended December 31, 2018, consisted of the transfer of reserves on expired/cancelled options of $83,171. As part of a debt settlement agreement with Canterra, a related party company, the Company was issued 3,468,933 of Canterra with a fair value of $86,723 (Note 12). In addition, the Company received $307,400 shares for the sale of mineral properties (Note 9).

Significant non-cash investing and financing transactions during the year ended December 31, 2017, consisted of the transfer of reserves on expired/cancelled options of $359,384 and the transfer of reserves on exercise of options of $109,434.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash and cash equivalents, short-term investments and common share investments are measured based on level 1 of the fair value hierarchy. The fair values of receivables and deposits, accounts payable and accrued liabilities approximate their book values due to the short-term nature of these instruments. Warrant investments are measured using level three of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments with investment grade ratings. The Company's cash and cash equivalents are invested in interest bearing accounts at major Canadian financial institutions. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The risk that the Company will realize a loss in cash and cash equivalents are limited because the Company's deposits and short-term investments are redeemable on demand.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments

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

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17. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as the components of shareholders' equity. There has been no change to the Company's approach to managing its capital during the current fiscal year.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

18. INCOME TAXES

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

		2018		2017
Loss before income taxes	$	(2,235,289)	$	(2,630,163)
Expected income tax (recovery)	$	(604,000)	$	(684,000)
Impact of flow through shares		-		173,000
Non-deductible expenses and permanent differences		334,000		89,000
Changes in unrecognized deductible temporary differences		212,000		569,000
Impact of change of future tax rate		58,000		(135,000)
Adjustment to prior years provision versus statutory tax returns		-		(32,000)
Change other		-		20,000
Total income tax expense(recovery)	$	-	$	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

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

		2018	Expiry		2017
Equipment	$	224,000	not applicable	$	197,000
Investment tax credit		281,000	2032 to 2038		281,000
Mineral properties		6,081,000	not applicable		6,299,000
Non-capital losses available for future periods		6,525,000	2039 to 2038		5,577,000
Marketable securities		78,000	not applicable		-
Share issue costs		14,000	2039 to 2040		22,000
Other		51,000	not applicable		51,000

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

19. SUBSEQUENT EVENTS

a) During the first quarter of 2019, the Company entered into two option agreements with Almadex Minerals Ltd. ("Almadex") to acquire up to a 60% interest in the Nicoamen and Merit properties (collectively "the Properties"), located 40 km and 20 km respectively, northwest of Westhaven Ventures Inc.'s Shovelnose property in the Spences Bridge Gold Belt of southern British Columbia. Pursuant to the option agreements, which contain the same terms for each property, the Company can acquire a 60% interest in either Property by making a cash payment of $10,000 (paid), the issuance of an aggregate of 650,000 common shares (100,000 issued) incurring work commitments of $725,000 ($75,000 in the first year) and a commitment to drill 1,000 m over a three year period. Upon completion of the 60% earn-in, Almadex and the Company will immediately form a joint venture for the purpose of carrying out further exploration work on the Properties. If either party's participation interest falls below 15%, their interest will be converted to a 2% net smelter royalty.

b) During the first quarter of 2019, the Company granted incentive stock options to certain directors, officers and employees to purchase up to 2,150,000 common shares under the Company's Incentive Stock Option Plan. The options were granted for a period of five years, commencing on February 4, 2019, exercisabe at a price of $0.15 per share.