

# **New Nadina Explorations Limited**

*(An Exploration Stage Company)*

**Consolidated Financial Statements**

**For the years ended August 31, 2018 and August 31, 2017**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
New Nadina Explorations Limited

We have audited the accompanying consolidated financial statements of New Nadina Explorations Limited, which comprise the consolidated statements of financial position as at August 31, 2018 and 2017 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of New Nadina Explorations Limited as at August 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

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

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

December 21, 2018

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	August 31, 2018	August 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 584,390	\$ 437,239
Receivables and prepaids (Note 9)	92,577	11,786
	<u>676,967</u>	<u>449,025</u>
Marketable securities (Note 4)	23,499	366,675
Reclamation deposits (Note 5)	82,500	82,500
Property and equipment (Note 6)	48,353	60,441
Exploration and evaluation assets (Note 7)	38,415	38,415
	<u>\$ 869,734</u>	<u>\$ 997,056</u>
<b>LIABILITIES AND EQUITY (DEFICIENCY)</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payables and accruals	\$ 40,239	\$ 25,652
Due to related parties (Note 9)	-	2,415
Reclamation provision (Note 4 (b))	30,206	-
	<u>70,445</u>	<u>28,067</u>
<b>EQUITY (DEFICIENCY)</b>		
Share capital (Note 8)	14,906,712	13,682,779
Reserves (Note 8(e))	2,818,806	2,671,332
Share subscriptions received	-	67,000
Accumulated other comprehensive income	(91,851)	36,675
Deficit	(16,834,378)	(15,488,797)
	<u>799,289</u>	<u>968,989</u>
	<u>\$ 869,734</u>	<u>\$ 997,056</u>

Nature and continuance of operations (Note 1)

Events after the reporting period (Note 15)

Approved by the Board of Directors and authorized for issue on December 21, 2018.

On behalf of the Board of Directors:

*"John W. Jewitt"*

*"Anthony Jewitt"*

John W. Jewitt, Director

Anthony Jewitt, Director

See accompanying notes to the consolidated financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

Years Ended August 31,

	2018	2017
Exploration expenses:		
Assay analyses	\$ 38,877	\$ 3,894
Camp preparation	17,009	17,863
Depreciation (Note 6)	12,088	15,111
General exploration	1,032,725	132,791
Geology	16,733	14,040
Property, assessment and taxes	9,645	10,170
Technical analysis	-	4,143
	<u>1,127,077</u>	<u>198,012</u>
Less: Government assistance	(49,241)	(14,304)
Less: Contribution from participants	(28,142)	(6,037)
Less: Other recoveries	-	(3,800)
Net exploration expense (Note 7(f))	<u>1,049,694</u>	<u>173,871</u>
Administration expenses:		
Insurance	3,633	4,927
Interest	-	3,071
Legal, audit and accounting	63,523	46,842
Licences, fees and other	16,947	10,359
Office rent and building expenses	14,400	14,400
Printing, stationery and office	19,123	40,317
Payroll and management fees	43,199	28,286
Share-based compensation (Notes 8(e) and 9)	161,404	68,600
Telephone	4,058	3,994
Transfer agent fees	9,611	3,590
Travel and promotion	7,130	640
Less: Interest income and miscellaneous	(12,777)	(2,127)
	<u>330,251</u>	<u>222,899</u>
Loss from operations	<u>(1,379,945)</u>	<u>(396,770)</u>
Realized gain (loss) on sale of marketable securities (Note 4)	(22,636)	4,352
Gain on disposal of subsidiary (Note 3)	-	1,604,948
Other income on flow-through settlement (Note 8 (b))	57,000	-
Net income (loss) for the year	<u>\$ (1,345,581)</u>	<u>\$ 1,212,530</u>
<b>Other comprehensive income (loss)</b>		
Unrealized gain (loss) on marketable securities (Note 4)	<u>(128,526)</u>	<u>36,675</u>
<b>Total comprehensive income (loss) for the year</b>	<u>\$ (1,474,107)</u>	<u>\$ 1,249,205</u>
<b>Income (loss) per share, basic (Note 8(f))</b>	<u>\$ (0.09)</u>	<u>\$ 0.10</u>
<b>Income (loss) per share, diluted (Note 8(f))</b>	<u>\$ (0.08)</u>	<u>\$ 0.09</u>
<b>Weighted average common shares outstanding – basic (Note 8(f))</b>	<u>14,711,044</u>	<u>12,647,433</u>
<b>Weighted average common shares outstanding – diluted (Note 8(f))</b>	<u>16,546,182</u>	<u>12,834,960</u>

See accompanying notes to the consolidated financial statements

**New Nadina Explorations Limited**  
*(An Exploration Stage Company)*  
**Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*  
Years Ended August 31,

	2018	2017
<b>Cash provided by (used for):</b>		
<b>Operating Activities:</b>		
Net income (loss) for the year	\$ (1,345,581)	\$ 1,212,530
<b>Adjustments for items not involving cash:</b>		
Depreciation	12,088	15,111
Share-based compensation	161,404	68,600
Gain on disposal of subsidiary	-	(1,604,948)
Other income on flow-through settlement	(57,000)	-
Realized gain (loss) on sale of marketable securities	22,636	(4,352)
Reclamation provision	30,206	-
<b>Change in non-cash working capital:</b>		
Receivables and prepaids	(80,791)	(4,168)
Payables and accruals	14,587	(31,053)
Due to related parties	(2,415)	(162,174)
	<u>(1,244,866)</u>	<u>(510,454)</u>
<b>Investing Activities:</b>		
Cash received on sale of marketable securities, net	192,014	274,352
Cash received on disposal of subsidiary	-	1,010,000
	<u>192,014</u>	<u>1,284,352</u>
<b>Financing Activities:</b>		
Proceeds from issue of shares, net	1,096,253	-
Share subscriptions received	-	67,000
Proceeds from warrants exercised	76,750	-
Proceeds from options exercised	27,000	-
Advances (repayments)to/ from related party	-	(411,900)
	<u>1,200,003</u>	<u>(344,900)</u>
<b>Net increase in cash</b>	<b>147,151</b>	<b>428,998</b>
<b>Cash, beginning of year</b>	<b>437,239</b>	<b>8,241</b>
<b>Cash, end of year</b>	<b>\$ 584,390</b>	<b>\$ 437,239</b>
<b>Cash paid for interest</b>	<b>\$ -</b>	<b>\$ 3,071</b>
<b>Cash paid for income tax</b>	<b>\$ -</b>	<b>\$ -</b>

During the year ended August 31, 2017, the Company issued 1,427,000 common shares at a fair value of \$0.10 per share to settle debt in the amount of \$142,700.

During the year ended August 31, 2018, the Company:

- a) issued 9,001 brokers' warrants valued at \$26,690.
- b) issued 150,000 flow-through common shares and recognized a flow-through premium of \$57,000.
- c) recognized a fair value reversal on the exercise of stock options of \$51,640.

See accompanying notes to the consolidated financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

Years Ended August 31, 2018 and 2017

	Number of common shares	Share capital	Reserves	Share subscriptions received	Accumulated other comprehensive income (loss)	Deficit	Total equity (deficiency)
August 31, 2016	12,647,433	\$ 13,682,779	\$2,602,732	\$ -	\$ -	\$ (16,701,327)	\$ (415,816)
Unrealized gain on marketable securities	-	-	-	-	36,675	-	36,675
Share-based compensation	-	-	68,600	-	-	-	68,600
Share subscriptions received	-	-	-	67,000	-	-	67,000
Net income for the year	-	-	-	-	-	1,212,530	1,212,530
<b>August 31, 2017</b>	<b>12,647,433</b>	<b>\$ 13,682,779</b>	<b>\$2,671,332</b>	<b>\$ 67,000</b>	<b>\$ 36,675</b>	<b>\$(15,488,797)</b>	<b>\$ 968,989</b>
Unrealized gain (loss) on marketable securities	-	-	-	-	(128,526)	-	(128,526)
Brokers' warrants issued	-	(26,690)	26,690	-	-	-	-
Shares issued – Private Placements	1,582,000	1,152,233	11,020	(67,000)	-	-	1,096,253
Flow-through premium	-	(57,000)	-	-	-	-	(57,000)
Exercise of warrants	225,000	27,000	-	-	-	-	27,000
Exercise of options	600,000	128,390	(51,640)	-	-	-	76,750
Share-based compensation	-	-	161,404	-	-	-	161,404
Net income (loss) for the year	-	-	-	-	-	(1,345,581)	(1,345,581)
<b>August 31, 2018</b>	<b>15,054,433</b>	<b>\$14,906,712</b>	<b>\$2,818,806</b>	<b>\$ -</b>	<b>\$ (91,851)</b>	<b>\$(16,834,378)</b>	<b>\$ 799,289</b>

See accompanying notes to the consolidated financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

New Nadina Explorations Limited (the “Company” or “New Nadina”) was incorporated April 7, 1964 under the laws of British Columbia and is engaged in the exploration of mineral resources. The address of the Company’s corporate office and principal place of business is 1215 Greenwood Street, Greenwood, BC V0H 1J0.

The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

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

These financial statements have been prepared on the going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption.

The Company has incurred operating losses over the past several fiscal years, and in fiscal 2018, recognized a net loss of \$1,345,581 (2017 – net income of \$1,212,530). The Company has limited financial resources, limited operating cash, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company’s liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management’s plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of presentation, statement of compliance and principles of consolidation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements have been presented in Canadian dollars unless otherwise noted.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### a) Basis of presentation, statement of compliance and principles of consolidation - continued

These financial statements include the financial statements of the Company and its subsidiary. Subsidiaries are entities controlled by the Company, and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

On February 15, 2017 the Company sold Kettle River to Golden Dawn Minerals Inc. ("Golden Dawn") pursuant to a Letter of Intent ("LOI"). See Note 3 for further information on the disposition.

On March 19, 2018 the Company incorporated a wholly owned subsidiary, 1157274 B.C. Ltd.

#### b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements.

##### **Critical judgments**

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1, as well as the determination of functional currency, which is defined as the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary (through to the date of disposition) has been determined to be the Canadian dollar.

##### **Significant Estimates**

##### ***Carrying value and recoverability of exploration and evaluation assets***

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

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

##### ***Fair value of stock options and warrants***

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### b) Significant accounting estimates and judgments - continued

estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

#### **Income taxes**

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

#### c) Exploration and evaluation expenditures

Once a permit to explore an area has been secured, expenditures on exploration and evaluation assets are expensed as incurred and charged to net loss. Costs to acquire the main property may be capitalized and costs to acquire claims peripheral to the main property are expensed.

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Company has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve is demonstrable. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate permits and financing, are expensed as incurred.

Exploration expenditures relate to the initial search for mineral deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Such expenditures include any cash consideration and advance earn-in payments and the fair market value of shares issued, if any, related to the mineral property interests.

Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Cost recoveries, including government assistance, are recorded as a reduction of exploration expense to the extent they are not directly related to capitalized acquisition costs.

#### d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on the declining balance basis at the rates indicated in Note 6 and is allocated as a component of either exploration costs or general operating expenses based on the nature of the use of the underlying asset.

#### e) Impairment of non-financial assets

At each reporting period, management reviews all non-financial assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, 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. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### f) Provision for closure and reclamation

Provisions for closure and reclamation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the closure and reclamation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

#### g) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

The Company records deferred tax assets and liabilities when the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### h) Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the Company bifurcates the flow-through share into share capital and flow-through tax liability components. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the liability is reversed, and a deferred income tax liability is recognized.

Previous unrecognized deferred tax assets may be used to reduce this liability amount, and the Company will recognize a future income tax recovery to this extent. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with the Canadian government.

#### i) Financial instruments

##### Financial assets

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

##### i. Fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded through profit or loss. Cash is included in this category of financial assets.

##### ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise receivables and reclamation deposits.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### i) Financial instruments - continued

##### iii. Held to maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss. The Company currently does not have any held to maturity financial assets.

##### iv. Available-for-sale

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset category. Changes in the fair value of AFS financial assets are recognized as other comprehensive income or loss and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at each reporting period. Any impairment charge is removed from other comprehensive income or loss and recognized in income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss. Marketable securities are included in this category of financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

#### Financial liabilities

Financial liabilities are classified into the following categories:

##### i. Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized through profit or loss.

##### ii. Other financial liabilities

This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its payables and accruals and amounts due to related parties as other financial liabilities.

#### j) Share-based payments

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a component of reserves.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### j) Share-based payments - continued

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods on a graded basis. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payments is measured using the Black-Scholes Option Pricing Model. The fair value of the share-based payments is recognized as an expense with a corresponding increase in reserves. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

#### k) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated whereby; the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

#### l) New accounting standards, interpretations and amendments to existing standards

During the years ended August 31, 2018 and 2017, the Company adopted certain new accounting standards and amendments to existing standards, none of which had a significant impact on the financial statements.

Other accounting standards or amendments to existing accounting standards have been issued but are not yet effective are as follows:

##### i) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – “Financial Instruments: Recognition and Measurement” in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018. The Company has not early adopted this standard and does not anticipate that the application of IFRS 9 in the future will have material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

##### ii) IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. The Company does not anticipate that the application of IFRS 15 in the future will have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES – continued

#### i) New accounting standards, interpretations and amendments to existing standards - continued

##### iii) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

### 3. DISPOSITION OF SUBSIDIARY

On February 15, 2017 the Company sold Kettle River Resources Ltd. to Golden Dawn pursuant to the terms of an LOI (Note 2(a)). The fair value of the consideration received and the assets derecognized were as follows:

Consideration received:		
Cash payments	\$	1,010,000
Marketable securities (Note 4)		600,000
<b>Total consideration received</b>	<b>\$</b>	<b>1,610,000</b>
Reclamation deposits (Note 5)	\$	5,000
Exploration and evaluation assets (Note 7)		2
Other assets		50
<b>Total assets derecognized</b>	<b>\$</b>	<b>5,052</b>
<b>Gain on disposal of Kettle River</b>	<b>\$</b>	<b>1,604,948</b>

#### Other consideration

Kettle River's Greenwood Area Properties consist of mineral claims, crown grants and surface freehold titles in the historical Greenwood Mining District, British Columbia.

Pursuant to the terms of the LOI, the Company will retain a 1% net smelter return ("NSR") royalty in respect of the Greenwood Area Properties, with Golden Dawn having the ability to purchase ½% of the royalty for \$1,000,000 for a period up to five years and thereafter \$1,200,000 for a period up to 10 years.

# New Nadina Explorations Limited

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## Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 4. MARKETABLE SECURITIES

	2018	2017
Opening balance	\$ 366,675	\$ -
Marketable securities acquired (Note 3)	-	600,000
Proceeds on sale of marketable securities	(192,014)	(274,352)
Unrealized gain (loss)	(128,526)	36,675
Realized gain (loss)	(22,636)	4,352
Closing balance	\$ 23,499	\$ 366,675

On February 15, 2017, the Company acquired 2,222,250 common shares in Golden Dawn pursuant to the Kettle River disposition (Note 3). The shares were valued at \$0.27 on acquisition and the Company subsequently sold 1,000,000 of the shares for proceeds of \$274,352 (net of commissions), realizing a gain of \$4,352.

On August 31, 2017, the Company retained 1,222,250 common shares of Golden Dawn with a fair value of \$366,675 (\$0.30 per share).

In the year ended August 31, 2018, the Company sold an additional 795,000 shares for proceeds of \$192,014 (net of commissions). Golden Dawn shares were consolidated on a 2:1 basis on April 18, 2018, resulting in New Nadina having 213,625 shares valued at \$23,499 (\$0.11 per share) at August 31, 2018.

### 5. RECLAMATION DEPOSITS

Included in reclamation deposits of \$82,500 (August 31, 2017 - \$82,500) are the following amounts:

Description/Property	2018 Amount	2017 Amount	Date of Deposit	Bond Description
Silver Queen Property, BC	\$ 5,000	\$ 5,000	Dec 10, 1999	GIC Bond (Security Agreement)
	4,500	4,500	Dec 1, 2004	Cash deposit (non-interest bearing)
	5,000	5,000	Aug 5, 2010	GIC Bond (Security Agreement)
	5,000	5,000	Aug 8, 2012	GIC Bond (Security Agreement)
	4,000	4,000	Dec 3, 2012	GIC Bond (Security Agreement)
	<b>\$ 23,500</b>	<b>\$ 23,500</b>		
Monument Diamond Property, NWT	\$ 18,000	\$ 18,000	Apr 5, 2005	Gov't of Northwest Territories
	41,000	41,000	Sept 26, 2012	Gov't of Northwest Territories
	<b>\$ 59,000</b>	<b>\$ 59,000</b>		
TOTAL	<b>\$ 82,500</b>	<b>\$ 82,500</b>		

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 6. PROPERTY AND EQUIPMENT

	Buildings	Camp Equipment	Office Equipment	Mining Equipment	Total
<b>Depreciation rate</b>	20%	20%	20%	30%	
<b>Cost</b>					
Balance as at August 31, 2016	\$ 148,032	\$ 74,959	\$ -	\$ -	\$ 222,991
Assets acquired (Note 3)	-	-	53,972	117,557	171,529
Disposition of assets	-	-	(53,972)	(117,557)	(171,529)
<b>Balance as at August 31, 2017 and 2018</b>	<b>\$ 148,032</b>	<b>\$ 74,959</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 222,991</b>
<b>Accumulated depreciation</b>					
Balance as at August 31, 2016	\$ 92,328	\$ 55,111	\$ -	\$ -	\$ 147,439
Depreciation for the year	11,141	3,970	-	-	15,111
<b>Balance as at August 31, 2017</b>	<b>103,469</b>	<b>59,081</b>	<b>-</b>	<b>-</b>	<b>162,550</b>
Depreciation for the year	8,912	3,174	-	-	12,088
<b>Balance as at August 31, 2018</b>	<b>\$ 112,381</b>	<b>\$ 62,256</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,638</b>
<b>Net book value</b>					
Balance as at August 31, 2017	\$ 44,563	\$ 15,878	\$ -	\$ -	\$ 60,441
<b>Balance as at August 31, 2018</b>	<b>\$ 35,651</b>	<b>\$ 12,702</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,353</b>

### 7. EXPLORATION AND EVALUATION ASSETS

Acquisition Costs of Mineral properties	Note	2018	2017
Saskatchewan Property (100% interest)	7(a)	\$ -	\$ -
Silver Queen Property (100% interest)	7(b)	38,413	38,413
Monument Diamond Property (57.49% interest)	7(c)	1	1
Greenwood Area Properties (100% interest)	7(d)	-	-
DHK Diamonds Inc. – NWT	7(e)	1	1
		<b>\$ 38,415</b>	<b>\$ 38,415</b>

#### (a) Saskatchewan Property, Saskatchewan

The Company holds a 100% interest in a silica quarrying mineral lease which covers an area of 21.85 hectares and expires in December 2019.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 7. EXPLORATION AND EVALUATION ASSETS - continued

#### (b) Silver Queen Property, British Columbia

The Company has a 100% interest in the Silver Queen Property, located in the Omineca Mining Division, of British Columbia. The property includes 2 surface title owned crown grants (40.47 ha), and 17 crown-granted (undersurface) titles and 45 tenure claims, covering 18,852 ha. During the year ended August 31, 2018 the Company recognized a reclamation provision in the amount of \$30,206 based on costs incurred subsequent to year end to reclaim the Silver Queen Property.

#### (c) Monument Diamond Property, Northwest Territories

In May 2002, the Company completed a Letter Agreement whereby they acquired a 57.49% interest in 3 mineral leases (covering 3,081.7 ha) in the Mackenzie District Mining Division, Northwest Territories. The Letter Agreement provides for a 1% gross overriding royalty payable to each of DHK Diamonds Inc. and Royal Gold Inc. (Kennecott Canada Explorations Inc.). Two other parties hold the remaining participating interest in the mineral claims.

In July 2017, the Company acquired 2 staked claims (500 ha) adjacent to northern boundary of the 3 mineral leases.

In September 2012, the Company was issued a five-year Type "A" Land Use Permit by the Wek'eezhii Land and Water Board which expired on September 3, 2017. The Company applied for a two year extension to the Land Use permit and in August 2017, this extension was granted moving the expiry to September 4, 2019.

#### (d) Greenwood Area Properties, British Columbia

The Company owned (through its previously wholly-owned subsidiary, Kettle River) a 100% interest in certain properties comprising approximately 10,000 hectares of mineral tenure of which a portion includes Crown Granted Mineral Claims, some with surface freehold title in the Greenwood Mining Division of British Columbia.

On February 15, 2017, the Company completed sale of Kettle River, which included the Greenwood Area Properties (Note 3).

#### (e) DHK Diamonds Inc.

The Company owns 43.37% of DHK Diamonds Inc. ("DHK") a private company incorporated and registered in the Northwest Territories.

#### Current DHK shareholder interest:

New Nadina Explorations Limited (formerly held through Kettle River) 43.37%

Dentonia Resources Ltd. 43.37%

Cosigo Resources Ltd. (formerly Horseshoe Gold Mining Inc.) 13.26%

DHK is a partner in the WO claim block, a diamond property in the Northwest Territories. As of August 31, 2018, DHK has a 10.301% (August 31, 2017 - 10.3013%) contributing interest in the WO Joint Venture which was operated by Peregrine Diamonds Ltd. Should DHK reduce to less than a 4% participating interest, they revert to a 0.25% gross overriding royalty.

In September 2018, DHK was provided notice that Peregrine Diamonds Ltd. was purchased by DeBeers Canada Inc. and will take over as operator of the WO Joint Venture.

Operations and funding provisions of DHK are governed by a 1992 Shareholders' Agreement where each shareholder appoints two directors to the board and certain activities require 75% board approval.

Through an agreement dated October 24, 2003 DHK holds a 1.0% gross overriding royalty on three leases within the Monument Diamond Property, located at Lac de Gras, Northwest Territories, explored for diamond potential, owned (57.49%) and operated by the Company (Note 7(c)).

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 7. EXPLORATION AND EVALUATION ASSETS - continued

#### (f) Exploration expenses by Property:

##### For the year ended August 31, 2018

	Saskatchewan Property 7(a)	Silver Queen Property Note 7(b)	Monument Diamond Property Note 7(c)	DHK Diamonds Inc. Note 7(c)	Total
Assay analysis	\$ -	38,877	\$ -	\$ -	\$ 38,877
Camp preparation	-	17,009	-	-	17,009
Depreciation	-	12,088	-	-	12,088
General exploration	199	1,022,383	10,143	-	1,032,725
Geology	-	16,733	-	-	16,733
Property, assessment and taxes	206	1,824	7,615	-	9,645
Technical reports	-	-	-	-	-
	<b>405</b>	<b>1,108,914</b>	<b>17,758</b>		<b>1,127,077</b>
Less: Reimbursement (Contributions) from participants	-	-	(28,142)	-	(28,142)
Less: Government assistance	-	(49,241)	-	-	(49,241)
Less: Other recoveries	-	-	-	-	-
Net Exploration	\$ 405	\$ 1,059,673	(10,384)	\$ -	\$ 1,049,694

##### For the year ended August 31, 2017

	Saskatchewan Property Note 7(a)	Silver Queen Property Note 7(b)	Monument Diamond Property Note 7(c)	Greenwood Property Note 7(d)	DHK Diamonds Inc. Note 7(c)	Total
Assay analysis	\$ -	\$ 3,894	\$ -	\$ -	\$ -	\$ 3,894
Camp preparation	-	17,863	-	-	-	17,863
Depreciation	-	15,111	-	-	-	15,111
General exploration	615	118,401	7,913	5,795	67	132,791
Geology	-	14,040	-	-	-	14,040
Property, assessment and taxes	108	1,870	7,615	577	-	10,170
Technical reports	-	4,143	-	-	-	4,143
	<b>723</b>	<b>175,322</b>	<b>15,528</b>	<b>6,372</b>	<b>67</b>	<b>198,012</b>
Less: Reimbursement (Contributions) from participants	-	-	(6,037)	-	-	(6,037)
Less: Government assistance	-	(14,304)	-	-	-	(14,304)
Less: Other recoveries	-	-	(3,800)	-	-	(3,800)
Net Exploration	\$ 723	\$ 161,018	\$ (5,691)	\$ 6,372	\$ 67	\$ 173,871

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 8. SHARE CAPITAL

a) Authorized: unlimited common shares without par value.

b) Issued and fully paid: **15,054.433**

There were no shares issued during the year ended August 31, 2017.

During the year ended August 31, 2018, the Company issued 2,407,000 common shares, see description below for details.

1. Completed a private placement whereby gross proceeds of \$103,000 were raised through the issuance of 1,287,500 units at a price of \$0.08 per unit. Each unit consisted of one non-flow-through ("NFT") common share and one share purchase warrant. Each warrant being exercisable into an additional non-flow-through common share at a price of \$0.12 for a period of 5 years from issuance.
2. Issued 600,000 common shares pursuant to the exercise of stock options for gross proceeds of \$76,750.
3. Issued 225,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$27,000.
4. The Company raised gross proceeds of \$1,111,875 through the issuance of 150,000 flow-through common shares (the "FT shares") at a price of \$3.80 per FT share and 144,500 non-flow-through units at a price of \$3.75 per NFT unit. Each NFT unit is comprised of one non-flow-through common share and one half share purchase warrant. Each whole warrant is exercisable into an additional non-flow-through common share at a price of \$4.25 for a period of 2 years from issuance.

In connection with the issuance of the FT shares, the Company recognized a flow-through premium liability of \$57,000. During the year ended August 31, 2018 the Company incurred eligible exploration expenditures and recognized other income on flow-through settlement in the amount of \$57,000. The Company also issued 9,001 broker warrants (valued at \$26,690) with each broker warrant being exercisable into a NFT share at a price of \$3.80 for a period of 2 years from issuance and paid a cash commission of \$34,200. The value of the broker warrants was determined through use of the Black-Scholes Option Pricing Model using the following assumptions: expected useful life of 2 years, volatility of 243%, risk-free rate of 1.52%, dividend yield of 0% and no forfeiture rate.

Other share issuance costs of \$17,433 were paid in connection with the financings.

	<u>Shares issued</u>
<b>Issued Shares as at August 31, 2017 and Sept 1, 2016</b>	<u>12,647,433</u>
Private Placement at \$0.08 (1)	<b>1,287,500</b>
Options exercised at \$0.09 (2)	<b>575,000</b>
Options exercised at \$1.00 (2)	<b>25,000</b>
Warrants exercised at \$0.12 (3)	<b>225,000</b>
Private Placement at \$3.80 (4)	<b>150,000</b>
Private Placement at \$3.75 (4)	<b>144,500</b>
<b>Issued Shares as at August 31, 2018</b>	<u><b>15,054,433</b></u>

c) Share purchase warrants:

The Company has 1,143,571 warrants outstanding and exercisable as at August 31, 2018. There were no outstanding warrants for the year ending August 31, 2017.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 8. SHARE CAPITAL - continued

#### c) Share purchase warrants: - continued

	August 31, 2018		August 31, 2017	
	Number of Warrants	Weighted Price \$	Number of Warrants	Weighted Price \$
Opening balance	-		-	
Granted	1,287,500	0.12	-	
Granted	9,001	3.80	-	
Granted	72,250	4.25	-	
Expired	-		-	
Exercised	(225,000)	0.12	-	
<b>Closing balance</b>	<b>1,143,751</b>	<b>0.41</b>	-	
Weighted average years to expiry	3.87		-	

#### d) Stock options:

The Company has established a stock option plan whereby the Board of Directors may from time to time grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date. The options granted to employees or consultants conducting investor relations activities must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period. All other options granted vest at the discretion of the Directors.

The continuity of stock options for the years ended August 31, 2018 and 2017 is as follows:

	2018		2017	
	Options	Weighted Price \$	Options	Weighted Price \$
Opening balance	1,025,000	0.31	250,000	1.00
Granted	900,000	0.18	775,000	0.09
Exercised	(600,000)	0.13	-	
Expired / cancelled	(425,000)	0.61	-	
Closing balance	900,000	0.16	1,025,000	0.31
Weighted average years to expiry	4.52		3.73	

On June 12, 2017, the Company granted 775,000 stock options to Directors and employees of the Company under its incentive stock option plan. The options, exercisable at \$0.09 per share for a period of five years, expire on June 11, 2022.

On May 23, 2018, the Company granted 900,000 stock options to Directors and an employee of the Company under its incentive stock option plan. The options, exercisable at \$0.18 per share for a period of five years expire on May 23, 2023.

As at August 31, 2018, all outstanding stock options are fully vested, and are exercisable (200,000 at a price of \$0.09 expiring on June 11, 2022 and 700,000 at a price of \$0.18 expiring on May 23, 2023).

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 8. SHARE CAPITAL - continued

#### e) Reserves

Reserves includes items recognized as share-based compensation expense and the fair value of warrants issued until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

During the year ended August 31, 2018, the Company granted 900,000 stock options with a fair value of \$161,404 (\$0.1644 per option) that were fully vested on grant. The value of the stock options was determined through use of the Black-Scholes Option Pricing Model using the following assumptions: expected useful life of 5 years, volatility of 258.22%, risk-free rate of 2.27%, dividend rate of 0% and no forfeiture rate.

#### f) Income (loss) per share

Income (loss) per share, calculated on a basic and diluted basis, is as follows:

	August 31, 2018	August 31, 2017
Net income (loss)	\$ (1,345,581)	\$ 1,212,530
Weighted average number of common shares outstanding - basic	14,711,404	12,647,328
Dilutive effect of stock options outstanding	1,835,138	187,632
Weighted average number of common shares outstanding - diluted	16,546,182	12,834,960
Basic income (loss) per common share	\$ (0.09)	\$ 0.10
Diluted income (loss) per common share	\$ (0.08)	\$ 0.09

### 9. RELATED PARTY TRANSACTIONS

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended August 31	
	<u>2018</u>	<u>2017</u>
Paid to the President's private company for project management, equipment rental, administrative services and office rent	\$ 116,632	\$ 42,700
Paid to Directors for general expenses	5,200	6,600
Paid to the Chief Financial Officer for wages	53,026	44,819
Share-based compensation for Directors and Officers	\$ 161,404	\$ 59,738

As at August 31, 2018, a total of \$5,487 (August 31, 2017 - \$5,487) was owing from a company with officers and Directors in common and has been included in receivables and prepaids.

As at August 31, 2018 the Company owed \$Nil (August 31, 2017 - \$2,415) to the President and a company controlled by the President for general exploration and consulting services, exploration management services, equipment rental and office rent.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

### 10. INCOME TAXES

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

	2018	2017
Net income (loss) for the year	\$(1,345,581)	\$ 1,212,530
Expected income tax expense (recovery)	(359,000)	315,000
Change in statutory tax rates and other	(159,000)	37,000
Permanent differences	31,000	(190,000)
Impact of flow-through shares	152,000	-
Change in unrecognized deductible temporary differences and other	335,000	(162,000)
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

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 Date Range	2017	Expiry Date Range
<b>Temporary Differences</b>				
Exploration and evaluation assets	\$ 11,023,000	No expiry date	\$ 10,512,000	No expiry date
Investment tax credits	485,000	2025 to 2038	485,000	2025 to 2037
Property and equipment	246,000	No expiry date	234,000	No expiry date
Non-capital losses	1,158,000	2029 to 2038	973,000	2027 to 2037

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

### 11. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its equity to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended August 31, 2018.

### 12 FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to the following risks:

#### *Credit Risk*

The Company's primary exposure to credit risk is the risk of liquidity of cash and cash equivalents amounting to \$584,390 as at August 31, 2018 (as at August 31, 2017 - \$437,239) and reclamation deposits amounting to \$82,500 at August 31, 2018 (2017 - \$82,500). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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### 12 FINANCIAL INSTRUMENTS - continued

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations.

As at August 31, 2018, the Company has a working capital of \$606,522 (August 31, 2017 – \$420,958). The Company recognizes that to meet its obligations depends on management's ability to raise the funds required through future equity financings. If such funds cannot be raised, the Company would be required to postpone or curtail its operating and investing activities.

#### *Interest Rate Risk*

The Company is exposed to interest rate risk on cash and cash equivalents. As at August 31, 2018 the Company maintained all of its cash balance in a redeemable guaranteed investment certificate and on deposit in chequing accounts with major Canadian banks. Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes that the Company is not exposed a significant amount of interest rate risk.

#### *Price Risk*

The Company is not exposed to significant price risk.

#### *Foreign currency risk*

The Company conducts its business in Canada and is therefore not exposed to significant foreign currency risk.

#### *Fair Value of Financial Instruments*

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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

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

All of the Company's financial instruments, excluding cash and cash equivalents and reclamation deposits, have a fair value approximating their carrying value due to their short-term nature. Cash and cash equivalents are carried at fair value and are measured using level 1 inputs.

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### 13. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in Canada.

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### 14. CONTINGENCIES

During the year ended August 31, 2018 the Company received notice of a civil claim filed against the Company and the President of the Company by Intrepid Mines Limited. While the outcome of this matter is uncertain, no additional provision has been accrued in respect of the claim as the Company believes the claim to be without merit and intends to vigorously defend itself should further legal action be required.

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# **New Nadina Explorations Limited**

*(An Exploration Stage Company)*

## **Notes to the Consolidated Financial Statements**

*(Expressed in Canadian Dollars)*

For the years ended August 31, 2018 and 2017

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### **15. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the year ended August 31, 2018:

- a) On October 25, 2018 the Company granted 700,000 stock options to Directors of the Company under its incentive stock option plan. The options are exercisable at \$0.10 per share for a period of five years, expiring on October 25, 2023.