



Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

Management's Responsibility

To the Shareholders of Bell Copper Corporation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of Bell Copper Corporation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

April 30, 2018

"Annie Storey"

CFO

Independent Auditors' Report

To the Shareholders of Bell Copper Corporation:

We have audited the consolidated statements of financial position of Bell Copper Corporation and its subsidiaries as at December 31, 2017 and 2016 and the consolidated statements of comprehensive income (loss), cash flows, changes in equity and the related schedules for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 misstatement. 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that the audit evidence obtained 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 the Company and its subsidiaries as at December 31, 2017 and 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Bell Copper Corporation has incurred significant losses from operations and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Bell Copper Corporation to continue as a going concern.

Vancouver, British Columbia
April 30, 2018



Chartered Professional Accountants

BELL COPPER CORPORATION

Consolidated Statements of Financial Position

As at December 31, 2017 and 2016

Expressed in Canadian Dollars

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		\$ 211,803	\$ 336,337
GST receivable		5,740	8,782
		217,543	345,119
Non-current assets			
Reclamation bonds		22,631	24,183
Exploration and evaluation assets	6	4,088,867	4,177,268
TOTAL ASSETS		\$ 4,329,041	\$ 4,546,570
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	1,128,030	1,710,921
Loans payable	7	183,907	621,226
Provision for contingent liabilities	9	1,816,726	1,941,358
Total liabilities		3,128,663	4,273,505
Shareholders' equity			
Share capital	10	65,084,510	63,689,864
Contributed surplus	11	563,502	368,198
Accumulated other comprehensive income		86,392	-
Deficit		(64,534,026)	(63,784,997)
Total shareholders' equity		1,200,378	273,065
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,329,041	\$ 4,546,570

Nature of operations and going concern (Note 1)

Contingent liabilities (Note 9)

Commitments (Note 14)

Subsequent event (Note 17)

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

Approved on behalf of the directors on April 30, 2018

"Timothy Marsh"

Director

"Annie Storey"

Director

BELL COPPER CORPORATION

Consolidated Statements of Comprehensive Loss

For the Years ended December 31, 2017 and 2016

Expressed in Canadian Dollars

	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Expenses			
Consulting and management fees	8	\$ 138,826	\$ 139,331
Finance costs	7	91,747	25,882
Foreign exchange loss (gain)		42,453	(187,456)
Loss on settlement of debt	8; 10	336,059	-
Insurance		27,152	15,685
Investor relations		65,697	
Office and administrative services		1,865	1,810
Professional fees	8	22,284	70,632
Regulatory and filing fees		22,946	43,105
Share-based payments	11	-	78,007
Net loss for the year		\$ 749,029	\$ 186,996
Other Comprehensive Income			
Foreign currency translation		86,392	-
Comprehensive loss for the year		\$ 835,421	\$ 186,996
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding		52,636,500	43,468,733

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

BELL COPPER CORPORATION

Consolidated Statements of Cash Flows

For the Years ended December 31, 2017 and 2016

Expressed in Canadian Dollars

	Year ended December 31, 2017	Year ended December 31, 2016
Cash provided by (used in):		
Operating activities		
Net loss (gain) for the period	\$ (749,029)	\$ (186,996)
Items not affecting cash:		
Foreign exchange	(30,930)	(177,710)
Share-based payments	-	78,007
Warrants issued for loan extension	71,626	6,129
Loss on settlement of debt	336,060	-
Changes in non-cash working capital items:		
Accounts payable	(87,075)	374,464
GST receivable	2,157	(5,594)
Net cash (used in) provided by operating activities	(457,192)	88,300
Investing activities		
Refund of reclamation bonds	-	2,257
Cash received from joint venture partner	655,492	1,120,695
Exploration and evaluation assets expenditures	(598,514)	(1,067,431)
Net cash (used in) provided by investing activities	56,977	55,521
Financing activities		
Accrued interest on loans payable	-	15,907
Proceeds of shares issued for cash	286,114	173,804
Net cash (used in) provided by financing activities	286,114	189,711
Effect of exchange rate changes on cash	(10,434)	-
Net decrease in cash	(124,534)	333,532
Cash, beginning of the year	336,337	2,804
Cash, end of the year	\$ 211,803	\$ 336,337

Non-cash transactions (Note 15)

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

BELL COPPER CORPORATION

Consolidated Statements of Changes in Shareholder's Equity

For the Years ended December 31, 2017 and 2016

Expressed in Canadian Dollars

	Common shares		Contributed	Accumulated		Total
	Shares	Amount	surplus	other comprehensive income	Deficit	shareholders' equity
Balance, December 31, 2015	41,412,790	63,571,631	228,491	-	(63,598,001)	202,121
Common shares issued for cash	3,481,080	118,233	55,571	-	-	173,804
Share based payments	-	-	78,007	-	-	78,007
Warrants issued for loan extension	-	-	6,129	-	-	6,129
Total comprehensive gain for the period	-	-	-	-	(186,996)	(186,996)
Balance, December 31, 2016	44,893,870	\$ 63,689,864	\$ 368,198	\$ -	\$ (63,784,997)	\$ 273,065
Common shares issued on exercise of options and warrants	3,821,380	286,114	-	-	-	286,114
Common shares issued on settlement of debt	15,863,978	1,108,532	123,677	-	-	1,232,209
Warrants issued for loan extension	-	-	71,627	-	-	71,627
Foreign currency translation adjustment	-	-	-	86,392	-	86,392
Net loss for the year	-	-	-	-	(749,029)	(749,029)
Balance, December 31, 2017	64,579,228	\$ 65,084,510	\$ 563,502	\$ 86,392	\$ (64,534,026)	\$ 1,200,378

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

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Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

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1. Nature of operations and going concern

Bell Copper Corporation ("the Company") was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange ("TSX-V"). The principal business activity of the Company is the exploration and evaluation of mineral property interests. The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H8.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether the properties contain mineral resources that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. The ability of the Company to complete the acquisition, exploration and development of its properties will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and or other means.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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 government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at December 31, 2017, the Company had no source of operating cash flows and reported net loss for the period of \$749,029 (December 31, 2016 – \$186,996), a working capital deficit of \$2,911,120 (December 31, 2016 - \$3,928,386), and has an accumulated deficit of \$64,534,026 (December 31, 2016 – \$63,784,997). The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity financings, secure project debt financing, and / or generate profitable operations in the future. During the year ended December 31, 2017, the Company raised funds under a private placement and obtained a loan to fund operations. The Company also settled debt through the issuance of equity instruments and obtained cash from the exercise of warrants. It is not possible to predict whether further financing efforts will be successful or if the Company will attain profitable levels of operations.

These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, and the reported comprehensive loss and classifications used on the statement of financial position. These adjustments could be material.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements are audited and represent the annual consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized by the Company's Board of Directors on April 30, 2018.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Rogue River Resources Corp. ("Rogue River") and Bell Resources (Nevada) Corporation. All inter-company transactions have been

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eliminated upon consolidation.

These consolidated financial statements are stated in Canadian dollars and were prepared under the historical cost convention, except for share-based payment transactions.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Bell Copper Corporation.

During the year ended December 31, 2017, the Company changed the functional currency of its wholly-owned subsidiaries from Canadian dollars to US dollars. In accordance with IAS 21, the change in functional currency has been accounted for prospectively. As such, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. All assets and liabilities are translated into the presentation currency using the exchange rate in effect on the reporting date, shareholders equity accounts are translated using the historical rates of exchange and revenue and expenses are translated at the average rate for the period.

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key critical judgment and sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

Critical judgment in applying accounting policies:

Determination of functional currency

Based on the primary indicators in IAS 21 – The Effects of Changes in Foreign Exchange Rates, the Canadian dollar has been determined as the functional currency of the Company, because Canadian dollar is the currency of expenditures and financing activities. The functional currency of the Company's subsidiaries has been determined to the US dollar as the Company expends cash in this currency related to its exploration project in the United States. Significant management judgment was exercised, since the second primary indicator related to the currency influencing the sales price was not applicable and did not produce conclusive evidence. Effects of translation of accounts from the functional currency to the presentation currency in the consolidated financial statements are reflected in comprehensive income as foreign currency translation on the statement of comprehensive loss.

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions which may cast significant doubt about the Company's ability to continue as a going concern. Refer to note 1 for more details.

Key sources of estimation uncertainty:

Impairment of exploration and evaluation assets

The Company makes certain estimates regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which

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time an impairment loss is recorded. While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information, including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Estimation of decommissioning and restoration costs and the timing of expenditure

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation at each reporting date. Significant estimates and assumptions are made in determining the provision for site reclamation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of any future reclamation costs required. To date, the Company has not recognized any decommissioning liabilities.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing deferred tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected 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. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments and warrants

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Management determines values for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Similar calculations are made to value warrants. Assumptions are made and judgment used in applying

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valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and for stock based compensation, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries, Bell Resources (Nevada) Corporation and Rogue River Resources Corporation. 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. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated into Canadian dollars at period end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Reclamation deposit

The Company maintains cash deposits, as required by regulatory bodies, as assurance for the funding of decommissioning costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled, and are therefore classified as long term assets.

e) Exploration and evaluation assets

General exploration and evaluation expenditures incurred prior to acquiring the legal right to explore are charged to the statement of comprehensive loss as incurred.

Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential mineral resources and include costs such as exploratory drilling, sample testing, activities in relation to evaluation of technical feasibility and commercial viability of extracting a mineral resource, surveying, geological and geotechnical expenditures,

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land maintenance, sampling and storage, mineral claims and permits, and general and administrative costs relating to the support of exploration and evaluation activities. If economically recoverable ore reserves are developed, capitalized costs of the exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. No amortization charge is recognized in respect of exploration and evaluation assets. When an exploration and evaluation asset is abandoned, all related costs are written off to profit or loss.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of these assets is dependent upon successful development or sale of the undeveloped project. All capitalized exploration and evaluation expenditures are assessed for impairment if facts and circumstances indicate that impairment may exist. If a project does not prove viable or is abandoned, all unrecoverable costs associated with the project, net of any impairment provisions are expensed in comprehensive loss.

f) Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is included in comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these decommissioning activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in comprehensive loss as a finance cost. Additional disturbances or changes in decommissioning costs will be recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. For closed sites, changes to estimated costs are recognized immediately in comprehensive loss.

The Company does not currently have any such significant legal or constructive obligations for reclamation or decommissioning and therefore no decommissioning provisions have been recorded. The Company has recorded provisions for other contingencies (note 9).

g) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. 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 to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

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Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

h) Share capital

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 trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

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 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 reserves.

i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to option and warrant reserve.

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

For those options that expire after vesting, the recorded value is transferred to deficit.

j) Loss per share

Basic loss per share ("LPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted loss per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted earnings per share. All options are considered anti-dilutive when the Company is in a loss position.

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k) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

l) Segmented information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's President and CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company manages its business on the basis of one reportable segment under two geographic regions, being Canada and the United States ("USA").

m) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through the statement of comprehensive loss. Cash is included in this category of financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition at fair value, they are measured at fair value and changes

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therein are recognized in other comprehensive income (loss) and presented within equity in accumulated other comprehensive loss. When an investment is derecognized, the cumulative gain or loss in accumulated other comprehensive income is transferred to comprehensive loss. The Company does not have any available-for-sale financial assets.

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, are initially recorded at fair value and are carried at amortized cost, using the effective interest method, less any impairment. Loans and receivables are comprised of accounts receivable, GST receivable, and reclamation bonds.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, held with the intention of holding these investments to maturity. Held-to-maturity investments are initially recorded at fair value and subsequently measured at amortized cost. These investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity investments.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence indicating that one or more events have had a negative impact on the estimated future cash flows of that asset. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and the net present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale asset is calculated by reference to its fair value and any amounts in other comprehensive income are transferred to earnings.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Gains or losses related to impairment or de-recognition are recognized in the statement of comprehensive loss in the period in which they occur. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Management determines the classification of its financial liabilities at initial recognition. Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other financial liabilities include accounts payable and accrued liabilities, loan payable, and provision for contingent liabilities.

Equity instruments

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

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n) Recent accounting standards

Recently adopted accounting standards

There were no new pronouncements issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2017 that have a material impact on the Company.

Future accounting standards

The following new standards have been issued but are not yet effective:

The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. The Company will be required to adopt IFRS 9 in the annual period beginning January 1, 2018. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

The IASB replaced IAS 18, Revenue, in its entirety with IFRS 15, Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

4. Capital management

The Company classifies its share capital as capital, which at December 31, 2017 totalled \$64,084,510 (December 31, 2016 - \$63,389,864). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and

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seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and financial risk management

a) Financial assets and liabilities by category

The Company has designated cash as fair value through profit or loss, measured at fair value. Changes in the fair values are recorded in comprehensive profit and loss. Accounts receivable and reclamation bonds are designated as loans and receivables, and are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are designated as other financial liabilities and are measured initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement. The Company had no held-to-maturity financial instruments during the period.

b) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

c) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities which are measured and recognized on the consolidated statement of financial position at fair value on a recurring basis consist of cash and cash equivalents, which are categorized as a level 1 financial instrument.

Cash and cash equivalents are classified as held for trading and are recorded at fair value in the consolidated statement of financial position. The Company had no other financial instruments recorded at fair value. There were no transfers between levels 1 and 2 during the period.

d) Financial risk management

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's

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activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In the normal course of operations, the Company is exposed to various risks such as interest rate, foreign exchange, credit and liquidity risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risks are as follows:

- Maintaining sound financial condition;
- Financing operations; and
- Ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- Prepare budget documents at prevailing market rates to ensure clear, corporate alignment to performance management and achievement of targets;
- Recognize and observe the extent of operating risk within the business; and
- Identify the magnitude of the impact of market risk factors on the overall risk of the business and take advantage of natural risk reductions that arise from these relationships.

There have been no changes in risks that have arisen or how the Company manages those risks during the period.

(i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash, which is invested on a short term basis to enable adequate liquidity for payment of operational and capital expenditures. Interest rate risk is considered minimal.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, reclamation bonds, accounts receivable, demand debenture and accounts payable and accrued liabilities that are denominated in US dollars. Management also recognizes that the Company is exposed to financial risks arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as many of its exploration activities are conducted in United States dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

(iii) Commodity price risk

The Company will be exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

(iv) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's credit risk is primarily attributable to cash, GST/HST receivable and reclamation bond. The Company limits its exposure to credit risk on cash as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote. Credit risk on note receivable, GST/HST receivable and reclamation bond is considered to be minimal given the relatively immaterial values. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

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(v) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long term obligations. As disclosed in note 1, the ability of the Company to continue as a going concern is dependent on many factors.

6. Exploration and evaluation assets

a) Kabba, Mohave County, Arizona, USA

On November 1, 2005, the Company entered into an agreement to acquire a 100% interest in the Kabba property located in the Maynard District, Mohave County, Arizona by issuing 250,000 common shares of the Company at a deemed value of \$62,500. In a concurrent transaction with a separate party, the Company was also required to pay advance royalties of US\$130,300, and an additional US\$38,740 of advance royalties per year until November 1, 2015 (all payments are current). This royalty is applicable to a sublease portion of the property, and the 4% NSR can be decreased to 2% by paying US\$3,250,000 within the first 10 years of the sublease. During the year ended December 31, 2014, this agreement was extended to 2025. Under the extended agreement, advance royalties of US\$38,682 per year were payable until 2016, increasing to \$51,310 per year until 2019, and increasing to US\$61,572 per year thereafter.

On April 19, 2016, the Company announced that it had completed an option agreement with Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group, under which Kennecott has the right to earn a 51% interest in the Company's Kabba porphyry copper project by spending US\$ 3,000,000 on the Kabba project over the next 5 years. The parties structured the agreements by first moving the Kabba properties into a limited liability company - MMDEX, LLC (MMDEX) owned wholly by Bell. Upon signing, Kennecott acquired a 5% interest in MMDEX. Kennecott can terminate the option at any point or accelerate completion of the option by making cash payments to Bell. If Kennecott terminates the option before it earns its full 51%, it will resign as a member of MMDEX and convey its 5% initial ownership back to MMDEX. During the option period, Kennecott will maintain all relevant leases, permits, and rentals.

The agreement allows for a second option under which Kennecott will have the right to earn an additional 19% (70% in total) in the project by spending an additional US\$ 10,000,000 on the project within 8 years after completing the first option. Again, under the second option Kennecott could terminate the option at any point, and could also accelerate completion of the option by making cash payments to Bell. If Kennecott acquires the first option (51%) or second option (70%), the parties will jointly advance the project through MMDEX pursuant to a shareholder operating agreement, with Kennecott as manager. The parties will fund MMDEX in proportion to their interest in the project (either 51/49 or 70/30). Any member of MMDEX who fails to contribute its share of project costs would be subject to dilution and other remedies. Any member whose interest falls below 10% will have its interest converted to a 1% Net Smelter Return royalty capped at US\$30,000,000. Kennecott has the right to assign any or all of its interest in MMDEX, whereas Bell's right to assign its interest is subject to a right of first refusal by Kennecott.

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A reconciliation of exploration and evaluation assets is as follows:

	Kabba, Arizona USA
Balance, December 31, 2015	\$ 4,230,532
Acquisition costs	663
Exploration costs	
Administration	4,541
Drilling	1,039,153
Field expenses	23,074
Earn in funds received from Kennecott	(1,120,695)
Balance, December 31, 2016	\$ 4,177,268
Exploration costs	
Drilling	598,517
Earn in funds received from Kennecott	(655,494)
Foreign exchange translation	(31,424)
Balance, December 31, 2017	\$ 4,088,867

7. Loans payable

On March 24, 2015, the Company announced it had entered into a loan agreement with Desert Fox Mineral Co. ("Desert Fox") for \$150,000, with interest accruing at 12% per year. The loan was due in 12 months and is secured against the Company's Kabba mineral property. On March 8, 2016, the Company entered into an agreement to extend the terms of the loan from Desert Fox Minerals Co. to March 19, 2017. 1,000,000 warrants with a fair value of \$6,129 were granted to the lender for their cooperation with the extension request. These warrants are exercisable at \$0.05 for a period of 12 months. During the year ended December 31, 2017, the Company further extended the term of the loan to March 19, 2018 for a further 1,000,000 warrants exercisable at \$0.10 for a period of 12 months with fair value of \$71,627 recorded as finance expense. Should the loan have not been paid by the due date, Desert Fox has the option of acquiring the Kabba properties for \$500,000 less the loan principal amount and accrued interest.

Subsequent to year end and prior to the 2018 anniversary of the loan, the Company repaid the principal and interest in full.

In June 2015, the Company entered into a loan agreement with Godbe Drilling LLC. The loan is non-interest bearing with no specific terms of repayment and is repayable through the issuance of common shares. At December 31, 2016, the Company had included in loans payable an amount of \$437,059 (USD \$325,507) due to Godbe Drilling LLC. During the year ended December 31, 2017, the Company issued 3,690,136 common shares of the Company, with a fair value of \$332,112, to settle \$184,507 of loans payable. The Company recognized a loss of \$147,605 on the debt settlement. In addition, the Company issued 4,598,842 units of the Company, with a fair value of \$321,918, to settle the remaining balance of \$260,257 due to Godbe Drilling LLC. Each unit consists of one common share of the Company and on half of one common share purchase warrant, with one whole share purchase warrant exercisable at \$0.05 per share until November 17, 2017. The Company recognized a loss of \$185,338 on the debt settlement.

8. Related party transactions

Key management compensation

Compensation paid to key management, including amounts noted below, is as follows:

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	December 31, 2017	December 31, 2016
Fees	\$ 138,826	\$ 139,488
Share-based payments	-	78,007
Total	\$ 138,826	\$ 217,495

During the year ended December 31, 2017 and 2016, the Company entered into transactions with the following related parties:

Individual	Relationship	Nature of Transactions	Incurred period ended December 31, 2017	Incurred period ended December 31, 2016	Balance payable at December 31, 2017	Balance payable at December 31, 2016
Tim Marsh	Chief executive officer and director	Management and geological consulting	\$ 78,826	\$ 79,488	\$ 101,081	\$ 270,180
ISG Professional Services Inc.	Annie Storey, chief financial officer and director, is shareholder	Financial consulting	60,000	60,000	121,568	171,500
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners, former chief financial officer and former director, is a shareholder	Rent and administrative services	-	-	5,250	5,250
			\$ 138,826	\$ 139,488	\$ 227,899	\$ 446,930

During the year ended December 31, 2017, the Company settled \$347,634 of amounts owing to related parties by issuance of 5,500,000 common shares with a fair value of \$330,000. The Company recognized a gain of \$17,634 on the debt settlement.

9. Contingent liabilities

The Company's exploration and evaluation assets are affected by the laws and regulations concerning environmental protection that exist in the various jurisdictions. It is not possible to estimate the future impact on operating results, if any, as a result of, future changes in regulations or developments.

During 2008, the Company was invoiced a total of \$1,460,695 by Golden Gryphon for amounts related to option payments and exploration work. Although the full amount of this invoice is in dispute, the Company has accrued \$559,476 as at December 31, 2017 (\$445,000 USD) (December 31, 2016 - \$597,858) as a contingent liability. On September 4, 2009, the Company filed an appearance to proceedings commenced by Golden Gryphon. Management is not aware of any further action taken by Golden Gryphon related to the disputed amount since September 2009. The Company continues to believe that the full amount of the claim is without merit.

The Company's subsidiary, Rogue River, entered into a stock purchase agreement as of January 25, 2007 with Fischer-Watt Gold Company, Inc. ("Fischer-Watt") for purchase of the La Balsa property. As part of the purchase, Rogue River granted to Fischer-Watt a 1% net smelter royalty ("NSR") for production from the porphyry portion of the property. The agreement was subject to the purchase of one-half of the NSR for \$1,000,000 USD as at December 31, 2017 (CAD \$1,257,250) (December 31, 2016 - \$1,353,500) in the event that commercial production was not achieved on the porphyry portion of the property by December 4, 2012 ("the Repurchase Right"). Since no economically significant porphyry has been discovered on the property to date, the Repurchase Right is currently in dispute, however the Company has elected to accrue this amount as a contingent liability. The Company continues to believe that the full amount of the claim is without merit.

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10. Share capital

Authorized: unlimited common voting shares, without par value.

On January 28, 2016, the Company announced a non-brokered private placement of up to 3 million units at a price of \$0.05 per unit to raise proceeds of up to \$150,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.08 per share for 12 months from closing. On July 5, 2016, the Company announced it had closed the final tranche of this private placement, issuing 3,481,080 units for gross proceeds of \$174,054. Share issuance costs of \$250 were incurred as a result of this private placement.

On February 17, 2017, the Company settled \$451,384 of debt by issuance of 7,575,000 common shares of the Company with a fair value of \$454,500. The Company recognized a loss of \$3,115 on the settlement of debt.

On April 3, 2017, the Company also issued 2,568,180 shares on exercise of warrants at a price of \$0.08 per share for gross proceeds of \$205,454.

On May 5, 2017, the Company issued 3,690,136 common shares of the Company, with a fair value of \$332,112, to settle \$184,507 of loans payable. The Company recognized a loss of \$147,605 on the debt settlement.

On May 17, 2017, the Company issued 4,598,842 units of the Company, with a fair value of \$321,918, to settle a further \$260,257 of loans payable. Each unit consists of one common share of the Company and on half of one common share purchase warrant, with one whole share purchase warrant exercisable at \$0.05 per share until November 17, 2017. The Company recognized a loss of \$185,338 on the debt settlement.

On July 12, 2017, the Company issued a further 600,000 shares on exercise of warrants at a price of \$0.08 per share for gross proceeds of \$48,000.

On December 6, 2017, the Company issued 250,000 common shares of the Company on exercise of options at \$0.05 per share for gross proceeds of \$12,500.

11. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and certain options vest 25% on the date of grant and 25% every 6 months thereafter for 18 months, while others vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued upon the exercise of options are restricted from trading during the 4 month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

On December 8, 2016, the Company issued 2,245,273 stock options to directors, officers and consultants of the Company. The stock options are exercisable at \$0.05 for a period of 5 years, resulting in share based payments expense of \$78,007. The options vested immediately.

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A summary of options outstanding as at December 31, 2017 is as follows:

Expiry date	Number of options	Exercise price	Weighted average remaining contractual life (years)
January 20, 2019	4,750,000	\$ 0.05	1.05
April 15, 2020	1,733,499	0.05	2.29
December 8, 2021	2,245,273	0.05	3.94

A summary of stock option activity is as follows:

	Number of options	Average exercise price
Balance, December 31, 2015	6,733,499	\$ 0.05
Granted	2,245,273	0.05
Balance, December 31, 2016	8,978,772	0.05
Exercised	(250,000)	0.05
Balance, December 31, 2017	8,728,772	\$ 0.05

The fair value of stock options granted were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31, 2016
Risk free rate of interest	1.00%
Expected life of options	5 years
Exercise price of options	\$ 0.05
Expected annualized volatility	244%
Expected dividend rate	0%

b) Warrants

During the year ended December 31, 2017, the Company issued 1,000,000 warrants with a fair value of \$71,627 pursuant to the loan extension discussed in note 7 (2016 – 1,000,000 warrants with fair value of \$6,129).

During the year ended December 31, 2017, the Company issued 2,299,421 warrants with a fair value of \$123,677 further to the settlement of debt as discussed in note 10.

During the year ended December 31, 2016, the Company issued 3,481,080 warrants with a fair value of \$55,571 pursuant to the private placement discussed in note 10.

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A summary of warrants outstanding as at December 31, 2017 is as follows:

Expiry date	Number of warrants	Exercise price	Weighted average remaining contractual life (years)
March 19, 2018	1,000,000	\$ 0.05	0.21

A summary of warrant activity is as follows:

	Number of warrants	Average exercise price
Balance, December 31, 2015	3,861,972	\$ -
Granted	4,481,080	0.10
Expired / forfeited	(3,861,972)	0.10
Balance, December 31, 2016	4,481,080	\$ 0.10
Granted	3,299,421	0.05
Exercised	(3,571,380)	0.08
Expired / forfeited	(3,209,121)	0.05
Balance, December 31, 2017	1,000,000	\$ 0.05

12. Financial instruments

Financial assets and financial liabilities as at December 31, 2017 and 2016 are as follows:

	Loans and receivables	Assets/liabilities at fair value through profit and loss	Other liabilities	Total
At December 31, 2017				
Cash	\$ -	\$ 211,803	\$ -	\$ 211,803
Reclamation bonds	22,631	-	-	22,631
Accounts payable	-	-	1,128,030	1,128,030
Loans payable	-	-	183,907	183,907

	Loans and receivables	Assets/liabilities at fair value through profit and loss	Other liabilities	Total
As at December 31, 2016				
Cash	\$ -	\$ 336,337	\$ -	\$ 336,337
Reclamation bonds	24,183	-	-	24,183
Accounts payable	-	-	1,710,921	1,710,921
Loan payable	-	-	621,226	621,226

13. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties. The Company's exploration and evaluation assets are all located in the United States.

14. Commitments

The Company is committed under various contracts and agreements on its exploration and evaluation assets, as described

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in note 6.

During the year ended December 31, 2013, the Company received notice that Gordon J. Fretwell Law Corporation ("GJFLC") has been awarded a default judgment against the Company in the amount of \$263,414 for outstanding legal fees. During the year ended December 31, 2017, the Company settled \$100,000 of this amount for 2,000,000 common shares of the Company at \$0.05 per share. The balance payable at December 31, 2017 is \$60,000 (2016 - \$160,000).

15. Non-cash transactions

The Company issued equity instruments, with a fair value of \$1,232,313, to settle \$896,148 of outstanding debt.

16. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Income (loss) before taxes	\$ (749,029)	\$ (186,996)
Statutory tax rate	26.00%	26.00%
Expected income tax (recovery)	(194,748)	(48,619)
Non-deductible expenses	86,565	8,434
Change in unrecognized deferred tax assets	108,183	40,185
Total income tax expense (recovery)	\$ -	\$ -

The unrecognized deductible temporary differences at December 31, 2016 and 2015 are as follows:

	December 31, 2017	December 31, 2016
Canada:		
Property and equipment	1,451,111	1,451,111
Exploration and evaluation assets	13,154,474	13,124,395
Long-term liabilities	-	-
Financing Costs	15,680	20,906
Net capital losses	2,507,483	2,507,483
Non-capital losses	17,176,741	17,631,629
Total unrecognized deductible temporary differences	34,305,489	34,735,524
	December 31, 2017	December 31, 2016
USA:		
Exploration and evaluation assets	-	-
Contingent liability	1,254,500	1,343,500
Net Operating losses	894	289
Total unrecognized deductible temporary differences	1,255,394	1,343,789

BELL COPPER CORPORATION

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

Expressed in Canadian Dollars

As at December 31, 2017, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately \$17,176,741 (2016: \$17,631,629) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry Date	Non capital losses
2026	2,238,860
2027	1,385,108
2028	3,041,880
2029	3,926,175
2030	1,426,674
2031	2,042,073
2032	1,204,771
2033	460,823
2034	347,683
2035	517,105
2036	224,198
2037	361,391
	17,176,741

In addition, the Company has available tax losses in the US that total \$894 (2016 - \$289). The remaining losses can be carried forward to offset against future taxable income for US tax purpose with expiry periods in 20 years.

17. Subsequent events

Subsequent to December 31, 2017, the Company:

- announced a non-brokered private placement of up to 5,000,000 units at a price of \$0.10 per unit to raise proceeds of up to \$500,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.20 per share for 12 months from closing;
- repaid the loan payable to Desert Fox as discussed in Note 7, including all principal and interest;
- granted 2,874,472 stock options to various officers, directors and consultants, exercisable at \$0.15 per share for a period of 5 years.
- announced that optionee Kennecott Exploration Company, part of the Rio Tinto Group, had terminated their option on the Kabba project after spending more than US\$ 3 million on drilling and geophysics. All ownership by Kennecott of MMDEX LLC, the entity that holds the Kabba property, was relinquished to Bell. Kennecott retains no back-in right or royalty on Kabba.