
Brigadier Gold Limited
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Brigadier Gold Limited:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Brigadier Gold Limited, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows 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 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, the consolidated financial statements present fairly, in all material respects, the financial position of Brigadier Gold Limited as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion we draw attention to Note 1 to the consolidated financial statement which highlights the existence of material uncertainty relating to conditions that cast significant doubt on Brigadier Gold Limited's ability to continue as a going concern.

Toronto, Ontario

April 30, 2018

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Brigadier Gold Limited

(An Exploration Stage Company)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	\$ 73,490	\$ 482
Amounts receivable	2,867	-
Total current assets	76,357	482
Investments	50	50
Total Assets	\$ 76,407	\$ 532
Liabilities and Shareholders' Deficiency		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 99,864	\$ 490,979
Total Liabilities	99,864	490,979
Shareholders' Deficiency		
Share capital (note 5(b))	9,777,099	9,069,067
Warrants (note 7)	248,768	-
Contributed surplus (note 6)	4,381,655	4,381,655
Deficit	(14,430,979)	(13,941,169)
	(23,457)	(490,447)
Total Liabilities and Equity (Deficiency)	\$ 76,407	\$ 532

Nature of operations and going concern (note 1)

Contingencies (note 12)

Subsequent event (note 14)

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

Brigadier Gold Limited

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2017	2016
Expenses		
Salaries, director fees and benefits (note 9)	\$ 60,685	\$ 120,000
Consulting fees	16,650	120,000
General and administration	187,703	36,534
Professional fees	137,585	86,879
Business development	173,305	-
Exploration and evaluation costs	-	14,840
Foreign exchange loss	3,882	51
Gain on sale of mineral rights	-	(29,681)
Gain on forgiveness of debt	(90,000)	-
Net loss and comprehensive loss for the year	\$ 489,810	\$ 348,623
Basic and diluted loss per share	\$ 0.05	\$ 0.17
Weighted average number of shares outstanding	8,956,518	2,079,810

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

Brigadier Gold Limited

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Share Capital		Warrants	Contributed Surplus	Deficit	Total
	Number	Amount				
Balance, December 31, 2015	2,079,810	\$ 9,069,067	\$ -	\$ 4,381,655	\$ (13,592,546)	\$ (141,824)
Net loss and comprehensive loss for the year	-	-	-	-	(348,623)	(348,623)
Balance, December 31, 2016	2,079,810	\$ 9,069,067	\$ -	\$ 4,381,655	\$ (13,941,169)	\$ (490,447)
Issuance of common shares in private placement (note 5 (b)(i))	10,000,000	1,000,000	-	-	-	1,000,000
Issuance costs (note 5 (b)(i))	-	(43,200)	-	-	-	(43,200)
Fair value of warrants issued in private placement (note 5 (b)(i))	-	(248,768)	248,768	-	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(489,810)	(489,810)
Balance, December 31, 2017	12,079,810	\$ 9,777,099	\$ 248,768	\$ 4,381,655	\$ (14,430,979)	\$ (23,457)

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

Brigadier Gold Limited

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Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2017	2016
Operating Activities		
Net loss for the year	\$ (489,810)	\$ (348,623)
Items not affecting cash:		
Gain on sale of mineral rights	-	(29,731)
Changes in non-cash operating working capital:		
Prepays and sundry receivables	(2,867)	1,250
Accounts payable and accrued liabilities	(391,115)	376,726
Cash (used in) operating activities	(883,792)	(378)
Financing Activities		
Proceeds on issuance of shares, net of issuance costs	956,800	-
Cash provided by financing activities	956,800	-
Change in cash during the year	73,008	(378)
Cash, beginning of the year	482	860
Cash, end of the year	\$ 73,490	\$ 482

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

Brigadier Gold Limited

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Brigadier Gold Limited (the "Company") is incorporated under the Business Corporations Act (Ontario) and conducts exploration and development on mining properties in Canada. The address of the Company's registered office is 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. To date the Company has not realized any recoveries from its properties and is considered an exploration and development stage Company.

On March 16, 2017, the Company implemented a 30 for 1 consolidation of its common shares effective March 17, 2017. These consolidated financial statements reflect this consolidation as they relate to common shares outstanding.

These consolidated financial statements, approved by the Board of Directors on April 30, 2018, have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company reported net loss of \$489,810 for the year ended December 31, 2017 (year ended December 31, 2016 - loss of \$348,623) and had an accumulated deficit of \$14,430,979 at December 31, 2017 (December 31, 2016 - \$13,941,169).

The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company.

These material uncertainties of successive operating losses, together with the challenges of securing requisite funding may cast significant doubt as to the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2. Summary of significant accounting policies

(a) Statement of compliance

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

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss and available-for-sale which are measured at fair value.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 1848246 Ontario Inc. (formerly known as 1534185 Alberta Inc.), and Incahusai Exploraciones S.A. 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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances, transactions, revenues and expenses have been eliminated.

Brigadier Gold Limited

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Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

(c) Financial instruments

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit and loss

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments

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 in profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each financial position reporting date. Financial assets are impaired when there is any objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss.

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Other financial liabilities

This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consists of the following:

Financial assets and liabilities	Classification
Cash	Loans and receivables
Investment	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Demand loan	Other financial liabilities

Financial instruments recorded at fair value in the consolidated statements of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

(d) Mineral property interests

Exploration and evaluation expenditures include the costs of acquiring licences, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred.

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

(f) Translation of foreign currencies

The Company's presentation currency is the Canadian dollar. The Company considers the functional currency of its Canadian operations and its subsidiaries to be the Canadian dollar. Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At the end of each reporting period, monetary assets and liabilities are translated using the year end foreign exchange rate at that date. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statements of (loss) income and comprehensive (loss) income.

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

(g) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statements of (loss) income and comprehensive (loss) income, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

The Company recognizes deferred tax on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in computing taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

(h) Loss per common share

Basic income per share is computed by dividing the net loss applicable by the weighted average number of common shares outstanding during the reporting period. Diluted income per share is computed by dividing the net income by the sum of the weighted average number of common shares issued and outstanding during the reporting period and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting period, if dilutive.

(i) Share-based payments

The share option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the actual number of share options that are expected to vest.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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2. Summary of significant accounting policies (continued)

(j) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements do not include estimates that, by their nature, are uncertain.

3. New accounting standards and interpretations

Standards issued or amended which will be adopted in future periods

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The Company assesses that the adoption of IFRS 9 will not result in a material impact on the consolidation financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB in May 2014 and clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company's preliminary assessment of IFRS 15 has determined there will not be a significant impact to the consolidated financial statements as a result of the adoption of this standard.

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An entity applies IFRS 16 for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company is currently assessing the effects of IFRS 16 and intends to adopt it on its effective date.

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(Expressed in Canadian Dollars)

4. Mineral property interests

Northern Ontario properties, Canada

As at December 31, 2017, the Company has an interest in mining claims in the Larder Lake Mining Division.

5. Share capital

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

The following is a continuity of shares issued:

	Shares	Amount
Balance, December 31, 2015 and December 31, 2016	2,079,806	\$ 9,069,067
Issuance of common shares in private placement (i)	10,000,000	1,000,000
Issuance costs (i)	-	(43,200)
Fair value of warrants issued in private placement (i)	-	(248,768)
Balance, December 31, 2017	12,079,806	\$ 9,777,099

(i) On April 24, 2017, the Company completed a non-brokered private placement for the issuance of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$0.20 for a period of 12 months from the closing. The grant date fair value assigned to these warrants was \$248,768, estimated using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.72% and an expected life of 1 year. The Company incurred issuance costs of \$43,200.

6. Stock options

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determines the term of a stock option to a maximum of 10 years, the period of time during which the options may vest, unless otherwise required by applicable securities law, stock exchange and other regulatory requirements, and when they become exercisable, as well as the option exercise price, which shall not be less than the prevailing price permitted by the TSX Venture Exchange. The Directors determine the recipients of, and nature and size of, share-based payment awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

No stock options were outstanding as at December 31, 2017 and December 31, 2016.

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December 31, 2017 and 2016
(Expressed in Canadian Dollars)

7. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2015 and December 31, 2016	-	\$ -
Issued	10,000,000	0.20
Balance, December 31, 2017	10,000,000	\$ 0.20

Warrants outstanding as at December 31, 2017:

Expiry date	Warrants outstanding	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
May 1, 2018	10,000,000	0.20	0.31	10,000,000

8. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rates for the years ended December 31 is as follows:

	2017	2016
Loss before recovery of income taxes	\$ (489,810)	\$ (348,623)
Expected income tax expense	(129,800)	(92,390)
Functional currency translation and other adjustment	15,190	29,870
Non-deductible expenses	46,860	34,360
Share issuance costs through equity	(11,450)	-
True-up to opening balance	(60,130)	-
Change in tax benefits not recognized	139,330	28,160
Actual income tax recovery	\$ -	\$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	2016
Resource properties	\$ 1,111,020	\$ 1,081,340
Non-capital losses - Canada	5,348,150	4,888,300
Non-capital losses - Argentina	2,700	46,110
Share issuance costs	34,560	1,090
Property, plant and equipment	250	250
Tax credits	3,340	3,340
Other reserves	60,000	-
	\$ 6,560,020	\$ 6,020,430

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

8. Income taxes (continued)

The Canadian non-capital loss carryforwards expire as noted in the table below. The Argentinian non-capital income tax losses expire between 2018 and 2019. Share issue and financing costs will be fully amortized in 2021. Investment tax credit amounts expire from 2032 - 2033. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2026	\$	419,980
2027		321,300
2028		449,130
2029		346,010
2030		184,060
2031		722,780
2032		1,308,680
2033		569,220
2034		292,770
2035		79,830
2036		271,690
2037		382,700
		<hr/>
	\$	5,348,150

9. Related party transactions

Related party transactions reflected in these consolidated financial statements are as follows:

(i) During the year ended December 31, 2017, the Company incurred \$60,000 (year ended December 31, 2016 - \$240,000) in salaries, directors fees. As at December 31, 2017, \$60,000 (December 31, 2016 - \$275,873) is included in accounts payable and accrued liabilities.

(ii) The Chief Financial Officer is an employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services. During the year ended December 31, 2017, the Company incurred \$13,310 (year ended December 31, 2016 - \$nil) for accounting services rendered by MSSI. As at December 31, 2017, \$6,307 (2016 - \$nil) is included in accounts payable and accrued liabilities.

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10. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. The capital of the Company consists of share capital, warrants and contributed surplus.

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. There were no externally imposed capital requirements to which the Company is subject as at December 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2017, the Company is compliant with known requirements other than Policy 2.5 of the TSX Venture Exchange. The Company continues to evaluate various options in order to meet the capital requirement imposed by Policy 2.5 of TSX Venture Exchange. There can be no assurance that the Company's financing activities will be successful or sufficient.

11. Financial instruments and risk management

The carrying values of cash, and accounts payable and accrued liabilities are considered representative of their respective fair values due to their short term period to maturity.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the consolidated statements of financial position date under its financial instruments is summarized as follows:

Those financial assets that potentially subject the Company to credit risk are its cash. Substantially all of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant.

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11. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 10, in normal circumstances. Further information regarding liquidity risk is set out in note 1.

- Interest rate risk

The Company had no significant exposure at December 31, 2017, to interest rate risk through its financial instruments.

- Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since the Company is not a producing entity. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

- Currency risk

The Company's currency risk arises primarily with fluctuations in the United States dollar. The Company has no revenue and any exposure to currency risk is related to expenditures by the Company in the United States.

12. Contingencies

From time to time, the Company may be involved in a variety of claims arising from the ordinary course of business. Regardless of outcome, legal claims can have an adverse impact on the Company because of legal costs, diversion of management resources and other factors.

During the period ended March 31, 2014, the Company settled a dispute with a former consultant. The settlement requires the Company to make monthly payments totaling \$27,000, and was scheduled to be completed on July 14, 2015. As at December 31, 2017, \$nil (2016 - \$13,500) is included in accounts payable and accrued liabilities.

13. Proposed transactions

On May 11, 2017, the Company announced that it had entered into a letter of intent to acquire Keraderm SAS ("Keraderm"), a Colombian private company in the health care industry. The Company would initially acquire 90% of the shares of Keraderm by issuing CAD\$5,500,000 in common shares of Brigadier to the current shareholders of Keraderm. After having acquired the 90% interest, Brigadier would have the option to acquire the remaining 10% interest by making a cash payment of US\$7,500,000 at any time up until June 30, 2027 to the current shareholders of Keraderm. The completion of the acquisition is subject to the successful completion of due diligence, the negotiation and execution of definitive documentation and the receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange.

On November 17, 2017, the Company announced that it had agreed with Keraderm to mutually terminate the non-binding letter of intent to acquire Keraderm.

Brigadier Gold Limited

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

14. Subsequent event

On April 19, 2018, the Company announced the closing of a private placement offering ("Offering") of \$470,000 of gross proceeds based on the issuance of 4,700,000 units (the "Units") at a price of \$0.10 per Unit. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one (1) common share at an exercise price of \$0.15 until April 19, 2019. The Company paid arm's length finder's fees of \$18,800 and issued finders a total of 188,000 Warrants. The Common Shares and Warrants are subject to a resale restriction until August 20, 2018. Closing of the Offering remains subject to receipt of all necessary regulatory approvals, including final approval of the TSX Venture Exchange. Certain directors of the Company acquired a portion of the Offering and their participation is considered to be a related party transaction.