



# SOLIDUS GOLD INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED**

**SEPTEMBER 30, 2018 AND 2017**

**(UNAUDITED – PREPARED BY MANAGEMENT)**

# **SOLIDUSGOLD INC.**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditors.

---

**SOLIDUSGOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2018 AND MARCH 31, 2018**(Expressed in Canadian Dollars)

---

	September 30, 2018	March 31, 2018
<b>ASSETS</b>		
Current		
Cash	\$ 179,630	\$ 205,565
Short-term investment	5,200	5,150
Amounts receivable	-	32,033
Prepaid expenses	2,927	9,490
	<hr/> 187,757	<hr/> 252,238
Exploration and evaluation assets (Note 3)	41,854	41,854
	<hr/> \$ 229,611	<hr/> \$ 294,092
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 122,001	\$ 86,775
<b>EQUITY</b>		
Share capital (Note 4)	3,099,598	3,099,678
Share-based payment reserves	271,605	271,605
Deficit	(3,263,593)	(3,163,966)
	<hr/> 107,610	<hr/> 207,317
	<hr/> \$ 229,611	<hr/> \$ 294,092

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Notes 1 and 2(c))

Approved by the Board of Directors on November 13, 2018

"Raj Chowdhry"

Raj Chowdhry, Director

"Rick Van Nieuwenhuyse"

Rick Van Nieuwenhuyse, Director

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

---

**SOLIDUSGOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS****FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars)

---

	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>EXPENSES</b>				
Exploration and evaluation costs	\$ 29,332	\$ 24,402	\$ 29,332	\$ 26,362
Professional and consulting fees	7,625	23,914	23,966	40,010
Office, administration and miscellaneous	12,071	7,174	12,927	11,531
Management fees	15,000	15,000	30,000	30,000
Regulatory and transfer agent fees	704	444	3,187	3,295
Foreign exchange loss/(gain)	33	(1,771)	(2)	(2,608)
Interest and bank charges	116	160	217	299
<b>LOSS FROM OPERATIONS</b>	<b>(64,881)</b>	<b>(69,323)</b>	<b>(99,627)</b>	<b>(108,889)</b>
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(64,881)</b>	<b>(69,323)</b>	<b>(99,627)</b>	<b>(108,889)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>55,731,865</b>	<b>51,093,506</b>	<b>54,060,534</b>	<b>50,348,301</b>

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

---

**SOLIDUSGOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****(Expressed in Canadian Dollars)**

---

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (64,881)	\$ (69,323)	\$ (99,627)	\$ (108,889)
Change in non-cash working capital items				
Sales taxes recoverable	32,729	(2,105)	32,033	(3,611)
Prepaid expenses	3,273	1,525	6,563	3,821
Due from related party	-	-	-	113
Accounts payable and accrued liabilities	22,919	37,586	35,226	65,048
Cash used in operating activities	(5,960)	(32,317)	(25,805)	(43,518)
INVESTING ACTIVITY				
Short-term investment	(50)	(50)	(50)	(50)
Cash used in investing activity	(50)	(50)	(50)	(50)
FINANCING ACTIVITY				
Proceeds from private placement, net of issuance costs	(80)	-	(80)	-
Cash provided by/used in financing activities	(80)	-	(80)	-
DECREASE IN CASH DURING THE PERIOD				
	(6,090)	(32,367)	(25,935)	(43,568)
CASH, BEGINNING OF PERIOD	185,720	102,234	205,565	113,435
CASH, END OF PERIOD	\$ 179,630	\$ 69,867	\$ 179,630	\$ 69,867

---

**SUPPLEMENTAL CASH DISCLOSURES**

Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

---

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

---

**SOLIDUSGOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**(Expressed in Canadian Dollars)

---

	Common Shares		Share-based payment reserves	Deficit	Total
	Number of Shares	Amount			
Balances at April 1, 2017	51,093,506	\$ 2,572,015	\$ 271,605	\$ (2,921,797)	\$ (78,177)
Net loss and comprehensive loss	-	-	-	(108,889)	(108,889)
<b>Balances as at September 30, 2017</b>	<b>51,093,506</b>	<b>\$ 2,572,015</b>	<b>\$ 271,605</b>	<b>\$ (3,030,686)</b>	<b>\$ (187,066)</b>
Balances at April 1, 2018	55,731,865	\$ 3,099,678	\$ 271,605	\$ (3,163,966)	\$ 207,317
Share issuance costs	-	(80)	-	-	(80)
Net loss and comprehensive loss	-	-	-	(99,627)	(99,627)
<b>Balances as at September 30, 2018</b>	<b>55,731,865</b>	<b>\$ 3,099,598</b>	<b>\$ 271,605</b>	<b>\$ (3,263,593)</b>	<b>\$ 107,610</b>

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

---

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars)

---

**1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS**

SolidusGold Inc. (the “Company”) was incorporated on April 13, 2011 under the laws of British Columbia under the name of “Mantra Capital Inc.”. On September 4, 2014 the Company changed its name to SolidusGold Inc. and commenced trading on the TSX Venture Exchange (“TSX-V”) under the new symbol of “SDC”. The address of the Company’s corporate office and its principal place of business is 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

At September 30, 2018, the Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

These interim condensed financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including IAS 34 – *Interim Financial Reporting*. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies applied in these interim condensed financial statements are consistent with those applied in the preparation of, and disclosed in, the Company’s audited annual financial statements for the year ended March 31, 2018, except as discussed in Note 2(d).

**b) Basis of presentation**

These condensed consolidated interim financial statements include the assets and operations of the Company and its wholly owned subsidiaries, Mantra Mining Inc. (“Mantra”) and SolidusGold US Inc. (“Solidus US”). Mantra was incorporated on October 30, 2014 under the British Columbia Business Corporations Act. Solidus US was incorporated on July 15, 2014 in Nevada, US. All significant inter-company balances and transactions have been eliminated upon consolidation.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****c) Going concern**

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$3,263,593 September 30, 2018. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

**d) Changes in accounting standards****New accounting standards adopted effective April 1, 2018:***IFRS 9 - Financial Instruments*

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

*IFRS 15 Revenue from Contracts with Customers*

The Company adopted IFRS 15, "Revenue from Contracts and Customers" effective for April 1, 2018. The adoption of this standard did not have any impact on the Company's condensed consolidated interim financial statements as the Company does not have any revenue.

**Accounting standards issued but not yet effective**

Standards issued, but not yet effective, up to the date of issuance of the Company's condensed consolidated interim financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

**Accounting standards effective for annual periods on or after April 1, 2019:***IFRS 16 – Leases*

In June 2016, the IASB issued IFRS 16, Leases which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

---

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**(Expressed in Canadian Dollars)

---

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## d) Changes in accounting standards (continued)

**New accounting standards effective for annual periods on or after April 1, 2019: (continued)***IFRIC 23 - Uncertainty over Income Tax Treatments*

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of these standards and interpretations is not expected to have a material effect on the Company's future results and financial position.

## 3. EXPLORATION AND EVALUATION ASSETS

Expenditure for the six months ended September 30, 2018 and the year ended March 31, 2018 are as follows:

	<b>April 1, 2018</b>	<b>Acquisition Costs</b>	<b>September 30, 2018</b>
Honeymoon	\$ 41,854	\$ -	41,854
Total	\$ 41,854	\$ -	\$ 41,854

	<b>April 1, 2017</b>	<b>Acquisition Costs</b>	<b>March 31, 2018</b>
Honeymoon	41,854	-	41,854
Total	\$ 41,854	\$ -	\$ 41,854

**Exploration and evaluation costs for the three months  
ended September 30,**

	<b>2018</b>	<b>2017</b>
Honeymoon	29,332	26,362
Total	\$ 29,332	\$ 26,362

---

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**(Expressed in Canadian Dollars)

---

## 3. EXPLORATION AND EVALUATION ASSETS (continued)

**Honeymoon Property**

The Honeymoon Property is an early stage gold-silver-copper property located on the west side of Adams Lake, British Columbia and is comprised of 43 claim blocks for a total of 19,772.31 hectares.

On August 29, 2013, the Company entered into an option agreement ("Option Agreement 2") with the Optionor. Subsequently, the Company entered into an amending agreement with the Optionor. The Company has the right to acquire an undivided 100% interest in and to certain mineral claims in the property by paying the following cash sums and issuing the following shares to Optionor on or before the following dates:

## a) Payments and shares issuance

	<b>Cash</b>	<b>Common Shares</b>
On or before the later of: November 12, 2013, and receipt of final Exchange acceptance;	\$10,000 (paid)	-
On or before November 12, 2014;	-	50,000 (issued)
On or before November 15, 2015; and	35,000	-
On or before November 12, 2016	30,000	-
	<u>\$75,000</u>	<u>50,000</u>

Further, the Company extended the exploration expenditure date requirements and is required to incur total exploration expenditures of \$765,000 on or before April 30, 2018 as follows:

## b) Expenditures

\$ 200,000	On or before April 30, 2016 (incurred);
250,000	On or before April 30, 2017; and
315,000	On or before April 30, 2018
<u>\$ 765,000</u>	<u>Total expenditures</u>

The Optionor will retain a 0.5% Net Smelter Returns royalty on the property and the royalty may be purchased by the Company at any time for \$1,500,000.

On May 27, 2015 the Company and the Optionor mutually cancelled Option Agreement 2 and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company agreed to pay \$3,500 (paid) and issue 70,000 common shares (issued) as consideration for the property.

On November 12, 2015, the Company renewed 2 of the mineral claims related to the Honeymoon Property and allowed the remaining 41 mineral claims to lapse and recorded a write-off of \$20,000 related to those claims. Of these lapsed claims, 2 claims were re-staked on November 16, 2015. The Company holds a total of 4 claims. During the year ended March 31, 2018, the Company completed an exploration program on the property which will keep these claims in good standing with the Province of British Columbia until October 14, 2018.

During the period ended September 30 2018, the Company collected 118 soil samples and completed 28.03 line-km of magnetic survey traverse lines. The soil samples were collected from the Company's mineral tenures 1039985 and 838129. The magnetic survey was completed in four separate locations within mineral tenure 1039985.

---

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars)

---

**4. SHARE CAPITAL****a) Authorized:**

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding as at September 30, 2018: 55,731,865 (September 30, 2017: 51,093,506) common shares.

c) On January 30, 2018, the Company issued 222,753 common shares with a fair value of \$33,413 at the time of issuance in satisfaction of \$33,413 (USD \$26,730) of outstanding debt owing to an arm's length party. All shares are subject to a four month hold which expired on May 31, 2018.

d) On February 9, 2018, the Company issued 844,177 common shares with a fair value of \$135,068 at the time of issuance in satisfaction of \$88,638 of outstanding debt owing to an arm's length party. The Company recorded a loss on debt settlement of \$46,430 on the transaction. All shares are subject to a four month hold which expired on June 10, 2018.

e) On February 9, 2018, the Company closed a non-brokered private placement of 3,571,429 units at a price of \$0.105 per unit, raising gross proceeds of \$375,000. Each unit is comprised of one common share of the Company and one transferable share purchase warrant. Each warrant is exercisable at a price of \$0.14 per share until February 9, 2020. All securities issued in connection with the private placement are subject to a hold period which expired on June 10, 2018. The Company paid a total of \$9,450 in finder's fees and \$6,448 of other share issuance costs in connection with the private placement.

**Warrants**

The following table summarizes the continuity of the Company's warrants:

<b>Exercise Price</b>	<b>April 1, 2018</b>	<b>Issued</b>	<b>Exercised</b>	<b>September 30, 2018</b>	<b>Expiry Date</b>
\$0.14	3,571,429	-	-	3,571,429	February 9, 2020
	3,571,429	-	-	3,571,429	

As at September 30, 2018, the Company had 3,571,429 warrants outstanding with an exercise price of \$0.14 for a period of two (2) years after issuance. (September 30, 2017 – 1,616,000)

**5. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS**

On July 8, 2011, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On August 15, 2014, the Company granted to directors, officers and consultants a total of 605,000 stock options under the Company's Stock Option Plan. The options are exercisable at a price of \$0.25 per share for a period of 10 years, and vest 1/3 on grant, 1/3 after one year and the remaining 1/3 after two years.

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars)

## 5. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS (continued)

	Number of options	Weighted average exercise price
Balance, April 1, 2018	3,105,000	\$ 0.07
Balance, September 30, 2018	3,105,000	\$ 0.07

The following table summarizes stock options outstanding and exercisable at September 30, 2018:

Exercise Price \$	Options Outstanding			Options Exercisable		
	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Number Exercisable	Weighted Average Exercise Price \$	
0.025	2,400,000	3.22	0.025	2,400,000	0.025	
0.20	200,000	0.35	0.20	200,000	0.20	
0.25	505,000	5.88	0.25	505,000	0.25	
	3,105,000	3.47	0.07	3,105,000	0.07	

Stock options outstanding at September 30, 2018 will expire between February 4, 2019 and August 15, 2024.

## 6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at September 30:

	2018	2017
Due from Mantra Solar Systems Inc. ("Mantra")	\$ -	\$ 525
Total due from related parties	\$ -	\$ 525
Due to MA2 Capital Inc.	\$ 45,000	\$ 30,000
Due to Sandfire Resources America Inc. ("Sandfire")(formerly Tintina Resources Inc.)	19,153	19,153
Due to Chief Financial Officer	2,156	9,694
Due to former Chief Executive Officer ("CEO")	15,000	-
Total due to related parties	\$ 81,309	\$ 58,847

Sandfire was formerly related by common directors. Mantra is related by common directors and CFO. MA2 Capital Inc. is controlled by the current CEO.

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**(Expressed in Canadian Dollars)

---

**6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

		<b>2018</b>		<b>2017</b>
Management fees	\$	30,000	\$	30,000
Consulting fees		5,681		8,257
Total remuneration	\$	35,681	\$	38,257

**7. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. As at September 30, 2018, the Company had capital resources consisting of cash and amounts receivable. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash and cash equivalents in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its acquisition plans and operations through its current operating year.

**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK***Financial Instruments and Fair Value Measurements*

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

---

**SOLIDUSGOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars)

---

**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)***Financial Instruments and Fair Value Measurements (continued)*

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
<b>September 30, 2018:</b>					
Cash and cash equivalents	\$ 179,630	\$ –	\$ –	\$	179,630
Short-term investment	5,200	–	–		5,200
<b>March 31, 2018:</b>					
Cash and cash equivalents	\$ 205,565	\$ –	\$ –	\$	205,565
Short-term investment	5,150	–	–		5,150

**Financial risk management objectives and policies**

The Company's risk associated with its financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**(i) Currency risk**

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

**(ii) Interest rate risk**

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

**(iii) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash equivalents is limited because the cash equivalents are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at September 30, 2018, the Company had working capital of \$65,756. As at September 30, 2018, the Company had cash and short-term investment of \$184,830 to settle accounts payable of \$122,526 which fall due for payment within twelve months of the financial position date.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the periods ended September 30, 2018 and 2017 was based on the loss attributable to common shareholders of \$99,627 (2017 – \$108,889) and the weighted average number of common shares outstanding of 54,060,534 (2017 – 50,348,301). Stock options of 3,105,000 and warrants of 3,571,429 outstanding at September 30, 2018 were not included in the diluted loss per share calculation as the effect is anti-dilutive.