

**TEUTON RESOURCES CORP.**

Interim Condensed Financial Statements

Nine Months Ended September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

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

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

The Company's external auditors, Manning Elliott LLP, have not performed a review of these interim condensed financial statements.

**TEUTON RESOURCES CORP.**Interim condensed statements of financial position  
(Expressed in Canadian dollars)

	September 30, 2017 \$ (unaudited)	December 31, 2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	426,890	98,622
Marketable securities (Note 3)	813,610	796,930
Amounts receivable	4,321	171,508
Prepaid expenses and deposits	5,250	2,751
<b>Total current assets</b>	<b>1,250,071</b>	<b>1,069,811</b>
<b>Non-current assets</b>		
Long-term receivable (Note 5)	72,386	77,386
Due from related party (Note 9(c))	264,439	287,025
Reclamation bonds (Note 7(d))	104,300	104,300
Property and equipment (Note 6)	224,699	234,325
Exploration and evaluation assets (Note 7)	2,888,256	3,131,442
<b>Total non-current assets</b>	<b>3,554,080</b>	<b>3,834,478</b>
<b>Total assets</b>	<b>4,804,151</b>	<b>4,904,289</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	20,289	127,578
Due to related party (Note 9(b))	32,935	44,676
<b>Total liabilities</b>	<b>53,224</b>	<b>172,254</b>
<b>Equity</b>		
Share capital	16,235,273	16,145,843
Share subscriptions received (Note 10)	–	13,500
Share-based payment reserve	1,355,097	1,355,097
Accumulated other comprehensive loss	(739,932)	(726,112)
Deficit	(12,099,511)	(12,056,293)
<b>Total equity</b>	<b>4,750,927</b>	<b>4,732,035</b>
<b>Total liabilities and equity</b>	<b>4,804,151</b>	<b>4,904,289</b>

Nature of operations and going concern (Note 1)  
Commitment (Note 12)

Approved and authorized for issuance on behalf of the Board on November 29, 2017:

/s/ "Dino Cremonese"

Dino Cremonese, Director

/s/ "Edward Kruchkowski"

Edward Kruchkowski, Director

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

**TEUTON RESOURCES CORP.**

Interim condensed statements of operations and comprehensive income (loss)  
 (Expressed in Canadian dollars)  
 (unaudited)

	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$	Nine months ended September 30, 2017 \$	Nine months ended September 30, 2016 \$
<b>Expenses</b>				
Advertising and promotion	–	369	4,415	10,134
Consulting	15,000	10,000	46,156	10,000
Depreciation	6,153	3,178	18,458	5,019
Office, rent, and telephone (Note 9)	11,136	17,120	30,210	33,538
Professional fees	2,900	11,071	10,800	39,412
Salaries and benefits (Note 9)	12,000	–	87,735	80,422
Transfer agent and regulatory fees	1,246	6,297	11,709	20,138
Travel	–	–	1,506	3,198
<b>Total expenses</b>	<b>48,435</b>	<b>48,035</b>	<b>210,989</b>	<b>201,861</b>
<b>Loss before other income (expense)</b>	<b>(48,435)</b>	<b>(48,035)</b>	<b>(210,989)</b>	<b>(201,861)</b>
<b>Other income (expense)</b>				
Interest income	327	–	327	–
Gain on sale of property and equipment	–	–	–	87,638
Gain on settlement of accounts payable	–	–	–	167,885
Loss on disposal of asset held for sale	–	–	–	(9,215)
Option proceeds in excess of capitalized costs	30,000	497,500	167,444	1,473,390
<b>Total other income (expense)</b>	<b>30,327</b>	<b>497,500</b>	<b>167,771</b>	<b>1,719,698</b>
<b>Net income (loss) for the period</b>	<b>(18,108)</b>	<b>449,465</b>	<b>(43,218)</b>	<b>1,517,837</b>
<b>Other comprehensive income (loss)</b>				
Unrealized gain (loss) on marketable securities (Note 3)	5,507	(652,812)	(13,819)	(460,266)
<b>Comprehensive income (loss) for the period</b>	<b>(12,601)</b>	<b>(203,347)</b>	<b>(57,037)</b>	<b>1,057,571</b>
<b>Basic earnings (loss) per share</b>	<b>–</b>	<b>0.02</b>	<b>–</b>	<b>0.06</b>
<b>Diluted earnings (loss) per share</b>	<b>–</b>	<b>0.01</b>	<b>–</b>	<b>0.05</b>
<b>Weighted average number of common shares outstanding - basic</b>	<b>30,156,313</b>	<b>28,254,863</b>	<b>30,140,676</b>	<b>26,208,863</b>
<b>Weighted average number of common shares outstanding - diluted</b>	<b>30,156,313</b>	<b>35,326,257</b>	<b>30,140,676</b>	<b>33,280,257</b>

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

## TEUTON RESOURCES CORP.

Interim condensed statements of changes in equity  
(Expressed in Canadian dollars)  
(unaudited)

	Share capital		Share subscriptions received \$	Share-based payment reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
	Number of shares	Amount \$					
Balance, December 31, 2016	30,108,882	16,145,843	13,500	1,355,097	(726,112)	(12,056,293)	4,732,035
Shares issued pursuant to warrants exercised	1,322,000	89,430	(13,500)	–	–	–	75,930
Unrealized loss on marketable securities	–	–	–	–	(13,819)	–	(13,819)
Net income for the period	–	–	–	–	–	(43,218)	(43,218)
Balance, September 30, 2017	30,626,882	16,235,273	–	1,355,097	(739,932)	(12,099,511)	4,750,928

	Share capital		Share subscriptions received \$	Share-based payment reserve \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total \$
	Number of shares	Amount \$					
Balance, December 31, 2015	24,038,882	15,781,393	17,500	1,355,097	16,411	(14,744,809)	2,425,592
Units issued pursuant to private placement	2,500,000	125,000	(17,500)	–	–	–	107,500
Shares issued pursuant to warrants exercised	2,105,000	142,725	96,725	–	–	–	239,450
Unrealized loss on marketable securities	–	–	–	–	(460,266)	–	(460,266)
Net income for the period	–	–	–	–	–	1,517,837	1,517,837
Balance, September 30, 2016	28,643,882	16,049,118	96,725	1,355,097	(443,855)	(13,226,972)	3,830,113

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

**TEUTON RESOURCES CORP.**

Interim condensed statements of cash flows  
(Expressed in Canadian dollars)  
(unaudited)

	Nine months ended September 30, 2017 \$	Nine months ended September 30, 2016 \$
Operating activities		
Net income (loss) for the period	(43,218)	1,517,837
Items not involving cash:		
Depreciation	18,458	5,019
Gain on sale of property and equipment	–	(87,638)
Gain on settlement of accounts payable	–	(167,885)
Loss on sale of asset held for sale	–	9,215
Option proceeds in excess of capitalized costs	(167,444)	(1,473,390)
Changes in non-cash operating working capital:		
Amounts receivable	167,187	(38,470)
Prepaid expenses and deposits	(2,499)	52,412
Accounts payable and accrued liabilities	(102,289)	131,864
Due to/from related parties, net	10,845	(39,311)
Net cash used in operating activities	(118,960)	(90,347)
Investing activities		
Exploration and evaluation asset expenditures	(192,767)	(665,693)
Mineral property option payments received/cost recoveries	580,000	686,112
Proceeds from reclamation bonds	–	8,500
Proceeds from sale of assets held for sale	–	10,907
Proceeds from sale of property and equipment	–	145,785
Purchase of property and equipment	(15,935)	(130,208)
Net cash provided by investing activities	371,298	55,403
Financing activities		
Proceeds from shares issued / share subscriptions received	75,930	346,950
Net cash provided by financing activities	75,930	346,950
Change in cash	328,268	312,006
Cash, beginning of period	98,622	21,188
Cash, end of period	426,890	333,194
Non-cash investing and financing activities:		
Depreciation of property and equipment included in exploration and evaluation assets	7,103	10,470
Fair value of marketable securities received as mineral property option payments	30,500	1,472,500
Proceeds from sale of assets held for sale deducted from accounts payable	–	1,847
Proceeds from sale of property and equipment deducted from accounts payable and added to prepaid expenses	–	100,000
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

## **TEUTON RESOURCES CORP.**

Notes to the interim condensed financial statements

September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

### **1. Nature of Operations and Going Concern**

Teuton Resources Corp. (the "Company") is an exploration stage company and is in the business of acquiring, exploring and dealing in mineral properties in the province of British Columbia, Canada. There has been no determination whether properties held contain economically recoverable ore reserves. The Company jointly conducts business and exploration activities with another publicly listed company, Silver Grail Resources Ltd. ("Silver Grail"). Silver Grail shares office premises and consultants and has common directors. The Company's head office and principal place of business is 2130 Crescent Road, Victoria, BC, Canada.

In the ordinary course of business, the Company sells or options property interests to third parties, accepting as consideration cash and/or securities of the acquiring party. The Company attempts to realize upon the value of securities as opportunities present themselves. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2017, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$12,099,511. These factors raise significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **2. Significant Accounting Policies**

#### **(a) Basis of Preparation**

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and using the accounting policies consistent with those in the audited financial statements as at and for the year ended December 31, 2016.

These unaudited interim condensed financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2016. Interim results are not necessarily indicative of the results expected for the fiscal year.

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements  
September 30, 2017  
(Expressed in Canadian dollars)  
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### 2. Significant Accounting Policies (continued)

#### (b) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 2, "Share-based Payment"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. Marketable Securities

	December 31, 2016				September 30, 2017	
	Fair value	Additions	Disposals	Impairment	Unrealized loss	Fair value
	\$	\$	\$	\$	\$	\$
Marketable securities	796,930	30,500	–	–	(13,820)	813,610

The Company holds equity securities in publicly traded companies. During the period ended September 30, 2017, the Company recorded an unrealized loss in the amount of \$13,820 (2016 – loss of \$460,266) which is included in accumulated other comprehensive income (loss).

### 4. Amounts Receivable

	September 30, 2017	December 31, 2016
	\$	\$
BC mineral exploration tax credits receivable	–	133,762
GST receivable	4,321	37,746
	4,321	171,508

### 5. Long-term Receivable

On September 26, 2017, pursuant to a debt settlement agreement, long-term receivable of \$72,385.98 owing from Makena Resources Inc. ("Makena"), which is non-interest bearing, due on demand, was assumed by Sunvest Minerals Corp. ("Sunvest"). Sunvest will acquire from Makena the right, title and interest to the Clone Gold Property.

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements

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### 6. Property and Equipment

	Land \$	Building \$	Computer equipment \$	Field and drilling equipment \$	Furniture and equipment \$	Vehicle \$	Total \$
Cost:							
Balance, December 31, 2016	36,000	86,680	35,113	118,839	64,148	61,129	401,909
Additions	–	–	–	15,935	–	–	15,935
Balance, September 30, 2017	36,000	86,680	35,113	134,774	64,148	61,129	417,844
Accumulated depreciation:							
Balance, December 31, 2016	–	2,167	30,997	75,807	55,651	2,962	167,584
Additions	–	3,169	926	7,104	1,275	13,087	25,561
Balance, September 30, 2017	–	5,336	31,923	82,911	56,926	16,049	193,145
Carrying amounts:							
As at December 31, 2016	36,000	84,513	4,116	43,032	8,497	58,167	234,325
As at September 30, 2017	36,000	81,344	3,190	51,865	7,222	45,080	224,699

### 7. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Nine months ended September 30, 2017 \$	Year ended December 31, 2016 \$
Balance, beginning of period	3,131,442	3,209,659
Depreciation	7,104	12,735
Assays	39,069	47,405
Drilling	–	305,151
Engineering	24,000	29,700
Equipment rental, safety personnel, and supplies	9,106	45,224
Geological and geophysical	55,699	75,547
Helicopters	40,876	177,770
Prospecting, staking, and filing fees	7,165	5,045
Travel, accommodation, and meals	9,904	39,152
	192,923	737,729
Claims acquired	–	3,037
BC mineral exploration tax credits	–	(133,762)
Property option and cost recoveries received	(436,111)	(685,221)
	(436,111)	(815,946)
Balance, end of period	2,888,256	3,131,442

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements

September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia

The Company owns or originally owned a 100% interest in the following properties in the Skeena Mining Division.

##### (i) Treaty Creek Property

On April 4, 2007, the Company entered into an option agreement with American Creek Resources Ltd. ("American Creek") whereby American Creek had the right to earn a 51% interest in the Company's Treaty Creek Property. Under the terms of the option agreement, American Creek earned a 51% interest in the Treaty Creek Property by issuing 100,000 shares and incurring exploration expenditures on the Treaty Creek Property aggregating \$5,000,000.

St. Andrew Goldfields Ltd. has a 2% net smelter return royalty ("NSR") on 24 of the 44 mineral claims included in the Treaty Creek property. A buy-back of 1% of the NSR for \$1,000,000 is exercisable at any time until six months has passed from the commencement of commercial production.

On May 10, 2016, the Company entered into a joint venture agreement with Tudor Gold Corp. ("Tudor Gold") and American Creek with respect to the Treaty Creek property. Pursuant to this joint venture agreement, Tudor Gold will issue 500,000 common shares in the capital of Tudor Gold to each of American Creek and the Company to purchase American Creek's 31% interest and the Company's 29% interest, respectively, in the property (received). Tudor Gold must also incur \$1,000,000 in exploration expenditures during the year ended December 31, 2016 (incurred).

Thereafter, Tudor Gold will hold an immediate 60% interest, and the Company and American Creek will each hold an immediate 20% interest in the joint venture. Both the Company and American Creek's interests are fully carried during the exploration period until a production notice is given. Once a production notice has been received, the Company and American Creek will each be responsible for 20% of the costs going forward under the terms of the joint venture agreement.

The Company retains a 1-2% NSR on 49% of the property with no buyback.

##### (ii) Bonsai Property

The Company owns a 100% interest in the Bonsai property located in the Skeena Mining Division.

##### (iii) Leduc Silver Property

The Company owns a 100% interest in the Leduc Silver property located in the Skeena Mining Division.

##### (iv) Stamp Claims

The Company owns a 100% interest in the Stamp property located in the Skeena Mining Division.

##### (v) Four J's Claims

On August 9, 2010 and as amended on August 4, 2016, the Company entered into an option agreement with Rotation Minerals Ltd. ("Rotation") whereby Rotation can earn an undivided 50% interest in the Four J's claims, by paying the Company a total of \$180,000 and incurring \$1,800,000 in mineral exploration expenditures as follows:

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements

September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (v) Four J's Claims (continued)

Cash consideration to be paid to the Company:

- \$20,000 to be paid within 5 business days on execution of the agreement (received);
- a further \$25,000 to be paid on or before August 9, 2011 (received);
- a further \$30,000 to be paid on or before August 9, 2012 (received);
- a further \$15,000 to be paid on or before August 9, 2016 (received);
- a further \$20,000 to be paid on or before August 9, 2017 (received);
- a further \$30,000 to be paid on or before August 9, 2018; and
- a further \$40,000 to be paid on or before August 9, 2019.

Exploration expenditures to be incurred by Rotation:

- \$397,716 on or before September 30, 2016 (incurred);
- \$497,716 in aggregate on or before December 31, 2016 (incurred);
- \$697,716 in aggregate on or before December 31, 2017;
- \$997,716 in aggregate on or before December 31, 2018; and
- \$1,800,000 in aggregate on or before December 31, 2019.

Subject to Rotation duly exercising the first option above, Rotation will be granted another option to earn an additional 20% interest in the property by performing and paying for such additional exploration work, engineering studies, and reports as may be necessary in order to deliver a feasibility study to the Company. Rotation has 60 days from the date it exercises the first option to elect to earn the additional interest pursuant to the terms of the second option.

On September 22, 2017, Rotation entered into an extension agreement with Teuton and paid a \$10,000 extension fee. The cumulative exploration expenditures schedule requires a further \$200,000 be spent on or before December 31, 2017. The agreement extends this requirement to December 31, 2018 as follows:

Exploration expenditures to be incurred by Rotation:

- \$397,716 on or before September 30, 2016 (incurred);
- a further \$100,000 on or before December 31, 2016 (incurred);
- a further \$500,000 on or before December 31, 2018;
- a further \$802,284 on or before December 31, 2019.

##### (vi) IC2 Claim

On August 5, 2010, the Company paid \$5,000 and issued 40,000 shares to acquire an undivided 100% interest in this mineral claim. The claim is subject to a 1.5% NSR capped at \$500,000. The IC2 Claim was included in the claims optioned to Pretium Resources on July 14, 2015. Refer to Note 7(a)(xv).

##### (vii) Lord Nelson Claims

On October 26, 2010 and as amended November 25, 2015, the Company entered into an agreement to option out its Lord Nelson claims to Geofine Exploration Consultants Ltd. ("GFX"). On January 12, 2016, GFX entered into a Notice of Assignment with Millrock Resources Inc. ("MRO"), whereby GFX assigned to MRO all of GFX's right, obligation, interest and liabilities as Optionee under the option agreement with the Company.

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements

September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (vii) Lord Nelson Claims (continued)

In order to earn an undivided 100% interest in the property, MRO must pay \$210,000 or \$185,000 and a common share issuance with a fair value of \$25,000 and incur \$1,200,000 in exploration expenditures over the five year term of the option as follows:

Cash consideration to be paid to the Company:

- \$15,000 to be paid on execution of the agreement (received);
- a further \$25,000 to be paid (or the issuance of shares with a fair value of \$25,000) on or before November 1, 2011 (received);
- a further \$35,000 to be paid on or before November 1, 2012 (received);
- a further \$40,000 to be paid on or before November 1, 2013 (\$30,000 received with \$10,000 extended to November 1, 2017);
- a further \$45,000 to be paid on or before November 1, 2014 (\$10,000 extended to November 1, 2017 and \$35,000 extended to November 1, 2018); and
- a further \$50,000 to be paid on or before November 1, 2015 (extended to November 1, 2019).

Notwithstanding the above, each of the option payment requirements shall be reduced by a \$5,000 credit each year that GFX stores the Company's core at its facility.

Exploration expenditures to be incurred by MRO:

- \$100,000 before November 1, 2011 (incurred);
- an additional \$200,000 before November 1, 2012 (incurred);
- an additional \$200,000 before November 1, 2013 (extended to November 1, 2019);
- an additional \$300,000 before November 1, 2014 (extended to November 1, 2019); and
- an additional \$400,000 before November 1, 2019.

The Company retains an NSR of 2%. An advance royalty of \$50,000 a year, indexed to inflation, is payable to the Company beginning in 2016 (extended to November 1, 2020).

##### (viii) High South Claims

On April 11, 2011, the Company issued 600,000 common shares with a fair value of \$342,000 pursuant to an agreement to purchase 12 mineral claims situated in the High South region. These claims are subject to a 2% net smelter return.

##### (ix) Fairweather Property

On December 15, 2015, the Company entered into an option agreement with Tudor Holdings Ltd. ("Tudor") whereby Tudor has the right to earn a 100% interest in the Company's Fairweather property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold Corp. ("Tudor Gold"). The property consists of six claims. On December 20, 2016, the Company entered into an amending agreement with Tudor Gold. To earn the 100% interest, Tudor Gold must pay a total of \$350,000 and issue 700,000 shares in the capital of Tudor Gold to the Company over five years as follows:

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Notes to the interim condensed financial statements

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(Expressed in Canadian dollars)

(unaudited)

### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (ix) Fairweather Property (continued)

Cash consideration to be paid:

- \$30,000 to be paid upon signing of the agreement (received);
- a further \$20,000 to be paid on or before December 20, 2016 (received);
- a further \$50,000 to be paid on or before December 15, 2017;
- a further \$60,000 to be paid on or before December 15, 2018;
- a further \$70,000 to be paid on or before December 15, 2019; and
- a further \$120,000 to be paid on or before December 15, 2020.

Tudor has agreed to use its commercially reasonable efforts to sell the claims in the agreement to Tudor Gold at cost. The shares of Tudor Gold will then be issued to the Company as follows:

Share consideration to be paid:

- 250,000 shares of Tudor Gold to be issued within five days of Tudor Gold receiving regulatory approval for the sale of the claims from Tudor to Tudor Gold (received);
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2016 (received);
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2017;
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2018;
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2019; and
- a further 250,000 shares of Tudor Gold to be issued on or before December 15, 2020.

The Company retains an NSR of 1.0% to 2.0% with no buyback.

##### (x) Tennyson Property, British Columbia

The Company owns a 100% interest in the Tennyson gold-copper property located in the Skeena Mining Division.

##### (xi) Delta Claims

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor has the right to earn a 100% interest in the Company's Delta property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold. The property consists of 10 claims. To earn the 100% interest, Tudor must pay a total of \$1,000,000 to the Company over four years as follows:

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$100,000 to be paid on or before March 1, 2017 (received);
- a further \$100,000 to be paid on or before March 1, 2018;
- a further \$100,000 to be paid on or before March 1, 2019; and
- a further \$600,000 to be paid on or before March 1, 2020.

The Company retains an NSR of 1.5 to 2.5% with no buyback.

## TEUTON RESOURCES CORP.

Notes to the interim condensed financial statements

September 30, 2017

(Expressed in Canadian dollars)

(unaudited)

### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xii) High North Claims

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor has the right to earn a 100% interest in the Company's High North property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold. The property consists of 5 claims. To earn the 100% interest, Tudor must pay a total of \$1,000,000 to the Company over four years as follows:

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$100,000 to be paid on or before March 1, 2017 (received);
- a further \$100,000 to be paid on or before March 1, 2018;
- a further \$100,000 to be paid on or before March 1, 2019; and
- a further \$600,000 to be paid on or before March 1, 2020.

The Company retains an NSR of 2.5% with no buyback.

##### (xiii) Orion Claims

On June 1, 2016, the Company entered into an option agreement with Tudor Gold whereby Tudor Gold has the right to earn a 100% interest in the Company's Orion property located in the Skeena Mining Division. The property consists of 8 claims. To earn the 100% interest, Tudor Gold must pay a total of \$700,000 and issue 700,000 shares to the Company over five years as follows:

Cash consideration to be paid:

- \$50,000 to be paid upon signing of the agreement (received);
- a further \$50,000 to be paid on or before June 1, 2017 (received);
- a further \$50,000 to be paid on or before June 1, 2018;
- a further \$50,000 to be paid on or before June 1, 2019;
- a further \$50,000 to be paid on or before June 1, 2020; and
- a further \$450,000 to be paid on or before June 1, 2021.

Share consideration to be paid:

- 250,000 shares to be issued within five days of Tudor Gold receiving regulatory approval for the sale of the claims from Tudor to Tudor Gold (received);
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2017 (received);
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2018;
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2019;
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2020; and
- a further 250,000 shares of Tudor Gold to be issued on or before June 1, 2021.

The Company retains an NSR of 2.5% with no buyback.

##### (xiv) Del Norte and Midas Properties

On September 28, 2005, the Company optioned the Del Norte Property and adjoining Midas Property to Sabina Resources Limited ("Sabina"), which later changed its name to Sabina Silver Corporation. The Del Norte property consists of 23 claims representing 8,586 hectares. The Midas property is jointly owned with Silver Grail and consists of 7 claims.

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### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xiv) Del Norte and Midas Properties (continued)

Under the terms of the option agreement, Sabina earned 50% interest in the properties by paying a total of \$240,000 and incurring exploration expenditures on the Del Norte property aggregating \$2,500,000.

Sabina have the right to acquire, on 60 days notice to the Company, an additional 15% interest in the properties by completing a feasibility study in relation to the properties. The parties would then proceed on a joint venture basis.

Silver Grail, which currently owns the Midas Property jointly with the Company, retains certain participation rights.

On July 16, 2014, the Company issued 100,000 shares to Sabina pursuant to the purchase and sale agreement with Sabina to acquire Sabina's 50% interest in the Del Norte and Midas properties. The Company owns a 100% interest in the Del Norte Property and a 75% interest in the Midas Property.

##### (xv) King Tut, Tuck, and Silver Crown West Claims

On July 14, 2015 and as amended on April 21, 2016, the Company entered into an option agreement with Pretium Resources Inc. ("Pretium") whereby Pretium has the right to earn a 100% interest in the Company's King Tut, Tuck, and Silver Crown West properties located in the Skeena Mining Division. The King Tut and Tuck properties are 100% owned by the Company while the Silver Crown West properties are jointly owned by the Company and Silver Grail. All three properties consist of 18 claims. To earn the 100% interest, Pretium must pay a total of \$1,800,000 to the Company over four years as follows:

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$150,000 to be paid on or before August 15, 2015, after Pretium has obtained the approval of its Board of Directors to the agreement (received);
- a further \$250,000 to be paid on or before January 14, 2016 (received);
- a further \$250,000 to be paid on or before July 14, 2016 (received);
- a further \$250,000 to be paid on or before July 14, 2017 (received);
- a further \$400,000 to be paid on or before July 14, 2018; and
- a further \$400,000 to be paid on or before July 14, 2019.

The Company retains an NSR of 2% with no buyback.

Concurrently, the Company and Silver Grail entered into a letter agreement with regards to the option agreement between Pretium and the Company. As the Silver Crown West property is jointly owned by the Company and Silver Grail, as consideration, \$50,000 of the option proceeds are to be applied against any outstanding debt owed from Silver Grail to the Company (the "Debt"). Silver Grail retains one-half of any NSR payable by Pretium to the Company in regards to mineral production from the Silver Crown West property. If during this process the debt has been repaid, then Silver Grail is entitled to its share of the option proceeds and NSR in cash payments.

The Company jointly owns or originally jointly owned the following properties in the Skeena Mining Division with Silver Grail.

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### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

The Company jointly owns or originally jointly owned the following properties in the Skeena Mining Division with Silver Grail:

##### (xvi) Clone Property

On November 28, 2005, the Company and Silver Grail entered into an option agreement with Makena Resources Inc. ("Makena") whereby Makena has the right to earn a 50% interest in Silver Grail's and the Company's jointly owned Clone property, then comprised of 9 claims. An additional 10 claims were added to the property by staking in 2006.

Under the terms of the option agreement, Makena earned 50% interest in the properties by paying a total of \$120,000 cash consideration and incurring exploration expenditures on the Clone property aggregating \$1,800,000.

On September 27, 2017, the Company and Silver Grail entered into an option agreement with Sunvest Minerals Corporation ("Sunvest"), whereby Sunvest has the right to earn the Company and Silver Grail's 50% beneficial interest in the Clone Property. To earn this interest Sunvest is to issue a total of 5,000,000 of its shares, pay a total of \$200,000, and incur exploration expenditures on the property aggregating \$1,950,000 as follows:

Cash consideration to be paid equally to the Company and Silver Grail:

- \$25,000 to be paid on execution of the agreement;
- a further \$75,000 to be paid on or before September 27, 2018; and
- a further \$100,000 to be paid on or before September 27, 2019;

Shares in the common stock of Sunvest to be issued equally to the Company and Silver Grail:

- 1,500,000 shares to be issued within five business days of September 27, 2017;
- a further 1,500,000 shares to be issued on or before September 27, 2018; and
- a further 2,000,000 shares to be issued on or before September 27, 2019.

Exploration expenditures to be incurred by Sunvest:

- \$350,000 on or before September 27, 2018;
- \$600,000 on or before September 30, 2019; and
- \$1,000,000 on or before September 30, 2020;

##### (xvii) Konkin Silver Property

On April 20, 2004, the Company and Silver Grail purchased a 100% interest in 2 claims representing eight units situated within the boundaries of the Konkin Silver property. In fiscal 2004, the Company issued 50,000 of its shares at a fair value of \$13,750 and paid \$10,000 to the vendor for its 50% share of the claims. The vendor retains a 2% net smelter royalty, one-half of which can be purchased for \$1,000,000 until eighteen months following the commencement of commercial production.

##### (xviii) Tenure #508269

The Company owns a 50% interest in 1 claim representing 612 hectares situated in the Skeena Mining Division known as Tenure #508269. The remaining 50% interest is owned by Silver Grail.

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### 7. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xviii) Tenure #508269

On December 1, 2006, the Company and Silver Grail entered into an option agreement with Decade whereby Decade has the right to earn 100% interest in the property by issuing a total of 300,000 of its shares, paying a total of \$100,000 cash, and incurring exploration expenditures on the Property aggregating \$1,500,000 as follows:

Shares in the common stock of Decade to be issued equally to the Company and Silver Grail:

- 100,000 shares to be issued on the execution of the agreement (received); and
- a further 200,000 shares to be issued on or before November 17, 2010 (received).

Cash consideration to be paid equally to the Company and Silver Grail:

- \$10,000 to be paid on execution of the agreement (received);
- a further \$15,000 to be paid on or before November 17, 2007 (received);
- a further \$20,000 to be paid on or before November 17, 2008 (received);
- a further \$25,000 to be paid on or before November 17, 2009 (received); and
- a further \$30,000 to be paid on or before November 17, 2010 (received).

Exploration expenditures to be incurred by Decade:

- \$100,000 before December 31, 2007 (incurred);
- \$300,000 in aggregate before December 31, 2008 (incurred);
- \$600,000 in aggregate before December 31, 2009 (incurred);
- \$1,000,000 in aggregate before December 31, 2010 (incurred); and
- \$1,500,000 in aggregate before December 31, 2011 (extended to December 31, 2017).

##### (xix) Bay Silver Claims

The Company owns a 50% interest in the Bay Silver property located in the Skeena Mining Division. Silver Grail owns the remaining 50% interest.

#### (b) Roman Property, New Westminster Mining Division, British Columbia

The Company owns a 50% interest in 8 claims located in the New Westminster Mining Division. The remaining 50% interest is owned by Silver Grail.

#### (c) Yellow Chris Property, Liard Mining Division, British Columbia

The Company owns a 100% interest in the Yellow Chris South Claims located in the Liard Mining Division.

#### (d) Reclamation Bonds

Reclamation bonds are amounts pledged to the province of British Columbia for property reclamation. The bonds mature and roll over each year until the Company is released from its obligations.

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### 8. Accounts Payable and Accrued Liabilities

	September 30, 2017 \$	December 31, 2016 \$
Trade payables	9,613	95,101
Accrued expenses	10,676	32,477
	20,289	127,578

### 9. Related Party Transactions

- (a) For the nine months ended September 30, 2017, the Company incurred salary of \$87,735 (2016 - \$75,600) and office, rent, and telephone expenses of \$10,350 (2016 - \$10,350) to the President of the Company. For the nine months ended September 30, 2017, the Company incurred engineering fees of \$24,000 (2016 - \$31,329) to a company controlled by the President of the Company.
- (b) As at September 30, 2017, the amount of \$32,935 (December 31, 2016 - \$44,676) was owed to the President of the Company, which is non-interest bearing, unsecured and due on demand.
- (c) The Company carries on joint exploration activity with Silver Grail, a company having directors in common with the Company. As at September 30, 2017, the Company owns 207,932 common shares in Silver Grail with a fair value of \$20,793 (December 31, 2016 - \$12,476). As at September 30, 2017, the amount of \$264,439 (December 31, 2016 - \$287,025) was owed from Silver Grail, which is non-interest bearing, secured by certain mineral properties owned jointly with the Company, and due on demand.

### 10. Share Capital

The authorized share capital of the Company consists of 100,000,000 of common shares without par value.

- (a) On May 2, 2017, the Company issued 200,000 common shares for proceeds of \$13,500 pursuant to the exercise of share purchase warrants.
- (b) On May 12, 2017, the Company issued 554,000 common shares for proceeds of \$39,010 pursuant to the exercise of share purchase warrants.
- (c) On August 31, 2017, the Company issued 150,000 common shares for proceeds of \$9,750 pursuant to the exercise of share purchase warrants.
- (d) On September 20, 2017, the Company issued 418,000 common shares for proceeds of \$27,170 pursuant to the exercise of share purchase warrants.

### 11. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2016	11,467,000	0.16
Exercised	(1,322,000)	0.07
Expired	(2,259,000)	0.55
Balance, September 30, 2017	7,886,000	0.07

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### 11. Share Purchase Warrants (continued)

As at September 30, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,000,000	0.02	April 15, 2018
5,536,000	0.05	April 21, 2018
350,000	0.07	July 31, 2018
<u>7,886,000</u>		

### 12. Commitment

On July 15, 2016, the Company entered into an investor relations agreement with AviTerra Consulting Inc. ("AviTerra") for a term of one year. In consideration for the services provided, the Company agreed to pay AviTerra \$5,000 per month and grant incentive stock options to purchase up to 500,000 common shares of the Company. The stock options will vest according to the Company's stock option plan, with 125,000 stock options vesting every three months after the grant date. The granting of these stock options is subject to TSX Venture Exchange approval. These stock options have not yet been issued to AviTerra. The agreement may be terminated by either party upon 30 days prior written notice.