
Consolidated Financial Statements

Plato Gold Corp.

**For the Years Ended December 31, 2018 and 2017
(Stated in Canadian Dollars)**

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PLATO GOLD CORP

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements were prepared by the management of Plato Gold Corp., reviewed by the Audit Committee of the Board of Directors, and approved by the Board of Directors.

Management is responsible for the preparation of the consolidated financial statements and believes that they fairly represent the Company's financial position and the results of operations in accordance with International Financial Reporting Standards. Management has included amounts in the Company's consolidated financial statements based on estimates, judgments, and policies that it believes reasonable in the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's books and records.

"Anthony J. Cohen"

President and CEO

"Greg K. W. Wong"

CFO

Toronto, Ontario
April 23, 2019

Independent Auditor's Report

To the Shareholders of Plato Gold Corp.:

Opinion

We have audited the consolidated financial statements of Plato Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statement of changes in shareholders' equity (deficiency) and the consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements which indicates that the Company's current liabilities exceeded its current assets by \$424,895. As stated in Note 1, these events or conditions, doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated financial statements and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kenneth H. Kustra.

Winnipeg, Manitoba
April 23, 2019

MNP LLP

Chartered Professional Accountants

Plato Gold Corp.

Consolidated Statements of Financial Position
Stated in Canadian dollars

	December 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash	\$ 11,674	\$ 36,667
Other receivables (note 4)	54,009	44,918
Portfolio investments (note 5)	217,123	147,863
	<u>282,806</u>	<u>229,448</u>
Equipment (note 6)	62	89
Mineral Properties and Deferred Exploration Costs (note 7)		
	<u>1,470,998</u>	<u>370,523</u>
	<u>\$ 1,753,866</u>	<u>\$ 600,060</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 8, 14, 15)	\$ 707,701	\$ 1,131,392
Convertible debentures (note 8)	-	221,808
Due to a related company (note 9, 14(f))	-	42,000
	<u>707,701</u>	<u>1,395,200</u>
Shareholders' Equity (Deficiency)		
Share Capital (note 10)	8,730,206	7,235,377
Warrants (note 11)	154,984	-
Contributed Surplus	3,403,789	3,187,275
Equity Component of Convertible Debt	-	85,300
Deficit	(11,217,872)	(11,281,472)
Non-Controlling Interest	(24,942)	(21,620)
	<u>1,046,165</u>	<u>(795,140)</u>
	<u>\$ 1,753,866</u>	<u>\$ 600,060</u>

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board

_____, "Anthony J. Cohen", Director

_____, "Robert Van Tassell", Director

Plato Gold Corp.

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

For the Years Ended December 31

Stated in Canadian dollars

	2018	2017
Income		
Interest income	\$ 4,755	\$ 2,771
Expenses		
Amortization	27	39
Consulting fees	105,900	105,900
Insurance	9,894	9,794
Interest and financing fees	15,915	18,502
Office and general	15,074	5,935
Income tax penalty	45	309
Professional fees	84,316	45,991
Publicity and advertising	72,254	1,945
Rent	3,000	6,000
Salaries and benefits	96,000	96,000
Investor relations	-	26,871
Interest accretion (note 8)	13,392	9,648
Share-based compensation (note 12(c))	209,818	-
Transfer and filing fees	44,451	33,080
Write-down of mineral properties (note 7)	22,120	23,199
Less:		
Fair value adjustment on portfolio investments	(66,638)	(33,456)
Gain on settlement of debts (note 14(e), 15)	(681,091)	-
Realized gain on sale of portfolio investment	-	(27,440)
	<u>(55,523)</u>	<u>322,317</u>
Net Income (Loss) and Comprehensive Income (Loss)	<u>\$ 60,278</u>	<u>\$ (319,546)</u>
Attributable to:		
Equity holders of Plato Gold Corp.	63,600	58,021
Non-Controlling Interest	<u>(3,322)</u>	<u>(3,631)</u>
Income (Loss) per Share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted Average Number of Common Shares Outstanding		
- basic and diluted	<u>184,129,566</u>	<u>149,678,280</u>

The accompanying notes form an integral part of these consolidated financial statements.

Plato Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended December 31

Stated in Canadian dollars

	Share Capital			Contributed Surplus	Equity Component of Convertible Debentures	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Warrants					
Balance - January 1, 2017	143,591,655	\$ 6,179,587	\$ -	\$ 3,187,275	\$ -	\$ (10,965,557)	\$ (17,989)	\$ (1,616,684)
Issuance of common shares for option agreement (note 10b)(ii)	4,500,000	225,000	-	-	-	-	-	225,000
Issuance of common shares to settle outstanding debt (note 8)	16,615,800	830,790	-	-	-	-	-	830,790
Issuance of convertible debentures (note 8)	-	-	-	-	87,840	-	-	87,840
Financing costs related to convertible debt (note 8)	-	-	-	-	(2,540)	-	-	(2,540)
Net comprehensive loss	-	-	-	-	-	58,021	(3,631)	54,390
Balance - December 31, 2017	164,707,455	\$ 7,235,377	\$ -	\$ 3,187,275	\$ 85,300	\$ (10,907,536)	\$ (21,620)	\$ (421,204)

	Share Capital			Contributed Surplus	Equity Component of Convertible Debentures	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Warrants					
Balance - January 1, 2018	164,707,455	\$ 7,235,377	\$ -	\$ 3,187,275	\$ 85,300	\$ (11,281,472)	\$ (21,620)	\$ (795,140)
Shares issued from private placement (note 10)	21,042,272	931,656	-	-	-	-	-	931,656
Warrant issued from private placement (note 11)	-	-	168,418	-	-	-	-	168,418
Shares and warrant issuance cost (note 10 & 11)	-	(44,827)	(13,434)	6,696	-	-	-	(51,565)
Flow through shares (note 10)	4,000,000	200,000	-	-	-	-	-	200,000
Shares issued for mineral properties (note 7 & 10)	1,150,000	57,500	-	-	-	-	-	57,500
Shares issued for convertible debts (note 8)	6,600,000	350,500	-	-	(85,300)	-	-	265,200
Issuance of stock option (note 12)	-	-	-	209,818	-	-	-	209,818
Net comprehensive income (loss)	-	-	-	-	-	63,600	(3,322)	60,278
Balance - December 31, 2018	197,499,727	\$ 8,730,206	\$ 154,984	\$ 3,403,789	\$ -	\$ (11,217,872)	\$ (24,942)	\$ 1,046,165

The accompanying notes form an integral part of these consolidated financial statements.

Plato Gold Corp.

Consolidated Statements of Cash Flow

For the Years Ended December 31

Stated in Canadian dollars

	2018	2017
Cash Flows from Operating Activities		
Net income (loss)	\$ 60,278	\$ (319,546)
Items not involving cash from operating activities		
Issuance shares for mineral properties	57,500	
Gain on sale of securities	-	(27,440)
Gain on settlement of debts	(681,091)	-
Items not involving cash		
Amortization	27	39
Accretion expense	13,392	9,648
Write-down of mineral properties	22,120	23,199
Fair value adjustment on portfolio investments	(66,638)	(33,455)
	<u>(594,412)</u>	<u>(347,555)</u>
Changes in non-cash working capital		
Other receivables	(9,091)	2,733
(Decrease)/Increase in Due to Related Company	(42,000)	(697,700)
Accrued Interest	30,000	-
Accounts payable and accrued liabilities	257,400	906,939
	<u>(358,104)</u>	<u>(135,583)</u>
Cash Flows from Financing Activities		
Proceeds from convertible debenture	-	300,000
Proceeds from issuance of shares and warrants	1,100,074	-
Share and warrant issuance costs	(51,565)	-
Transaction cost paid	-	(2,540)
Issuance of stock-options	209,818	-
Proceed from flow through shares	200,000	-
	<u>1,458,327</u>	<u>297,460</u>
Cash Flows from Investing Activities		
Mineral properties and deferred explorations costs	(1,122,594)	(168,722)
Purchase of investment	(2,622)	-
Proceeds on sale of investments	-	40,701
	<u>(1,125,216)</u>	<u>(128,021)</u>
Change in cash	(24,993)	33,856
Cash - beginning of year	<u>36,667</u>	<u>2,811</u>
Cash - end of year	<u>\$ 11,674</u>	<u>\$ 36,667</u>

The accompanying notes form an integral part of these consolidated financial statements.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

1. Nature of Operations

Plato Gold Corp. (the "Company") is an Ontario corporation formed by amalgamation on May 30, 2005. The primary offices are located at 1240 Bay Street, Suite 800, Toronto, Ontario M5R 2A7.

The Company is a public gold and rare minerals exploration company with three projects. The first project, Good Hope Niobium Project consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The second project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina, which are held by the Company's 75% owned subsidiary, Winnipeg Minerals S.A. ("WMSA"). The third project, the Timmins Gold Project in Northern Ontario includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties contain economic mineral reserves. Consequently, at December 31, 2018 the Company considers itself to be an exploration and evaluation stage company with respect to these properties.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$11,217,872 as at December 31, 2018. The Company's continued existence is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2018, the Company's current liabilities exceed its current assets by \$424,895. Given the above, the Company has material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of Presentation and Going Concern

The Company's consolidated financial statements reflect the results of operations for the year ended December 31, 2018 and 2017, and the assets, liabilities and shareholders' equity (deficiency) as at December 31, 2018.

The consolidated financial statements include the accounts of the Company and its 75% owned subsidiary, Winnipeg Minerals S.A., an Argentinean company. All significant intercompany balances and transactions have been eliminated on consolidation.

a) Statement of Compliance

The policies applied in the Company's consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2018 as issued by the International Accounting Standards Board. The date that the Board of Directors approved the statements is April 23, 2019.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

2. Basis of Presentation and Going Concern (continued)

a) Statement of Compliance (continued)

The significant accounting policies (note 3) have been applied consistently to all periods presented in these consolidated financial statements.

b) Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

c) Functional and Presentation Currency

Plato Gold Corp.'s and Winnipeg Minerals S.A.'s ("WMSA") functional currency is Canadian Dollars. The consolidated financial statements are presented in Canadian Dollars.

d) Critical judgements, estimates, and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the following:

- the recoverability of the carrying value of the resource properties
- management's determination that there is no deferred tax asset recognized in these consolidated financial statements and
- the ability to continue as a going concern
- the value of warrants issued by the Company

While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgement in determining that the functional currency of the Company is the Canadian dollar and the state of development of the mineral properties as exploration stage.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

2. Basis of Presentation and Going Concern (continued)

e) Going Concern

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration and development programs and general and administrative expenses, maintain its resource properties, discharge its liabilities as they become due and generate positive cash flows from operations. There is no certainty that the Company will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty the Company will be able to continue as a going concern.

The consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes 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 the business. Accordingly, these consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

3. Significant Accounting Policies

The Company's complete accounting policies have been included in the consolidated financial statements for the year ended December 31, 2018. The accounting policies the Company followed in preparing these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements, except for the amendment described below.

a) Foreign Currency Transactions

The Company's consolidated financial statements are presented in Canadian Dollars. Costs are primarily incurred in Canadian Dollars. The Company incurs costs at its Lolita Project in Argentina primarily in US Dollars and Argentine Pesos. Although these transactions are in foreign currencies, the predominant currency of financing and management decisions is the Canadian Dollar, and as such, it is also the Company's functional currency and the functional currency of its subsidiary.

The Company translates monetary assets and liabilities at the rate of exchange in effect at the reporting date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in the statement of loss and comprehensive loss.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

b) Mineral Properties and Deferred Exploration Costs

The Company records its mineral exploration expenditures at cost. Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred in the accounts starting on the date of acquisition of the property rights. When production is attained, these costs will be amortized on a units-of-production basis. If the properties are abandoned, sold or considered to be impaired in value, the costs of the properties and related deferred expenses will be written down at that time. When deferred expenditures on individual producing properties exceed the estimated recoverable amount, the properties are written down to the recoverable amount.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, land maintenance, sampling and assessing technical feasibility and commercial viability. Management salaries directly related to exploration and evaluation expenditures are not capitalized. These expenditures are capitalized until the technical feasibility and commercial viability of the extraction of mineral reserves in a project is demonstrated. Amounts received from other parties to earn an interest in the Company's resource properties are applied as a reduction of the resource properties. During the exploration period, exploration and evaluation assets are not amortized.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment, to ensure that commercial quantities of reserves exist or that exploration activities related to the property are continuing or planned for the future. If an exploration property does not prove viable, all unrecoverable costs associated with the project are expensed. Once a project is determined to be technically feasible and commercially viable and a decision has been made to proceed with development, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a mine development asset which is allocated between property, plant and equipment and intangible assets. All subsequent expenditures to ready the property for production are capitalized within mine development assets, other than those costs related to the construction of property, plant and equipment. Once production has commenced, all costs included in mine development assets are reclassified to mining properties.

Government rebates and option payments received related to exploration are reflected as a reduction of the cost of exploration.

The Company is in the process of exploring and evaluating its mineral properties and has not yet determined the amount of reserves available. On a quarterly basis in connection with quarterly reporting, senior management reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any indication of impairment in value.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

c) Equipment

Equipment is recorded at cost. Amortization is provided over the estimated useful lives of the assets using the declining-balance method at the following rates per annum:

Computer equipment	30%
Furniture and fixtures	30%

During the year of acquisition, half of the annual amortization is recorded.

d) Flow-through Financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions.

The issue of flow through shares is in substance an issue of ordinary shares and the sale of tax deductions. The sale of tax deductions are measured using the relative fair value method. At the time the flow through shares are issued, the sale of tax deductions is deferred and is presented as other liabilities in the statement of financial position, because the Company has not yet fulfilled its obligation to pass on the tax deductions to the investor. When the Company fulfills its obligation:

- (i) the sale of tax deductions is recognized in the income statement as a reduction of the deferred tax expense; and
- (ii) a deferred tax liability is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The obligation is fulfilled when the eligible expenditures are incurred and there is an intention to renounce the expenditures.

e) Revenue Recognition

IFRS 15 Revenue from Contracts with Customers, (“IFRS 15”) replaced all pre-existing guidance, including, but not limited to IAS 11 Construction Contracts, IAS 18 Revenue, and IFRIC 15 Agreements for the Construction of Real Estate in IFRS related to revenue. IFRS 15 contains a single control-based model (the “model”) that applies to contracts with customers and allows entities to recognize revenue at a point-in-time or over-time. The model consists of a 5-step analysis of transactions to determine whether, how much, and when revenue is recognized. IFRS 15 also includes additional requirements for revenue accounted for under the standard. Adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

e) Revenue Recognition (continued)

Interest income is recognized earnings on an accrual basis and to the extent not received at year end, recorded as a receivable.

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity.

g) Share-based Payments

In June 2016, the IASB issued amendments to IFRS 2 that clarify how to account for certain types of share-based payment transactions. Adoption of the amendments to IFRS 2 did not have an impact on the Company's consolidated financial statements.

The Company accounts for share-based payments to employees using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the options are earned, after taking any expected forfeitures into account. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Common share purchase warrants, stock options and other equity instruments issued to parties other than employees and as purchase consideration in non-cash transactions are recorded at the fair value of the goods and services received, unless the fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be reliably estimated, then the value is determined by management using the Black-Scholes option pricing model or for shares issued as purchase consideration for mineral property assets is based upon the trading price of those shares on the date that the consideration financial statements is transferred.

h) Warrants

Proceeds from unit placements, net of issuance costs, are allocated between shares and warrants issued according to their relative fair value.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

i) Decommissioning Liabilities

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and becoming more restrictive. The fair value of an obligation to incur restoration, rehabilitation and environmental costs is to be recognized when incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

As at December 31, 2018 and 2017, the Company has not incurred and is not committed to any decommissioning obligations in respect of its mineral exploration properties.

j) Income (Loss) Per Share

Income (loss) per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted income (loss) per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, if dilutive. The number of additional shares included in the calculation is based on the weighted average number of shares that would be issued on the conversion of all potentially dilutive options into common shares. The Company's weighted average share price are below option exercise price as at December 31, 2018, therefore its options are anti-dilutive.

k) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the amount agreed to by the parties involved in the transactions.

l) Cash

Cash include bank deposits and cash held in an investment portfolio. As at December 31, 2018 and 2017, the Company did not have any cash equivalents.

m) Financial Instruments

IFRS 9 financial instruments ("IFRS 9") replaced IAS 39, Financial Instruments: recognition and Measurement. IFRS 9 includes guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedging requirements. The adoption of IFRS 9 did not have a significant impact on the carrying amounts of financial instruments as at January 1, 2018.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

m) Financial Instruments (continued)

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”), and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL. IFRS 9 permit entities to elect into an irrevocable option for equity instruments to report changes in fair value in other comprehensive income.

Classification and measurement of financial assets is dependent on the entity’s business model for managing the financial assets and related contractual cash flows. IFRS 9 retains most of the requirements of IAS 39 related to classification and measurement of financial liabilities.

The following table summarizes the impact of the adoption of IFRS 9 on the classification of the Company’s financial assets and liabilities:

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Portfolio investments	FVTPL	FVTPL
Other receivables	Loans and receivables	Amortized cost
Cash	Loans and receivables	Amortized cost
Convertible debentures	Other liabilities at amortized cost	Amortized cost
Due to a related party	Other liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other liabilities at amortized cost	Amortized cost

ii. Impairment

IFRS 9 introduces a three-stage expected credit loss (“ECL”) model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before an entity recognizes credit losses. IFRS 9 requires an entity to recognize expected credit losses upon initial recognition of a financial asset and to update the quantum of expected credit losses at the end of each reporting period to reflect changes to credit risk of the financial asset. The adoption of the ECL model did not have a material impact on the Company’s consolidated financial statements.

Plato Gold Corp.

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3. Significant Accounting Policies (continued)

n) Future Accounting Changes

IFRS 16 Leases ("IFRS 16") was issued by the IASB in January 2016 and will replace IAS 17, Leases. IFRS 16 specifies the methodology to recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been adopted. A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of applying IFRS 16 being recognized at the date of initial application. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

4. Other Receivables

Other receivables include a receivable from a related party of \$50,833 (2017 - \$46,521), which is net of a valuation allowance of \$23,912 (2017 - \$23,912) and HST receivable of \$15,907 (2017 - \$17,578).

The receivables from related party are due on demand and do not bear interest. Due to the short-term nature, the carrying amount of the receivables approximates fair value. The related party holds the non-controlling interest in WMSA.

5. Portfolio Investments

a) Osisko Mining Inc. (formerly - Northern Gold Mining Inc. and Oban Mining Corporation)

As at December 31, 2018 and 2017, the Company holds a total of 11,749 shares of Osisko. The estimated fair value of this investment at December 31, 2018 is \$36,069 (2017 - \$39,829).

b) Monarques Gold Corporation (formerly Monarques Resources Inc.)

During the year ended December 31, 2017, the Company sold 102,000 shares for gross proceeds of \$40,859 resulting in a realized gain of \$27,440. As at December 31, 2017, the Company holds a total of 70,308 shares of Monarques. The fair value of this investment at December 31, 2017 was \$20,741.

During the third quarter of 2018, the Company acquired 10,450 shares of the publicly traded company Monarques Gold Corporation with a cost of \$2,622.

As at December 31, 2018, the Company holds a total of 80,758 (2017 - 70,308) shares of Monarques. The fair value of this investment at December 31, 2018 is \$19,786 (2017 - \$20,741).

Plato Gold Corp.

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5. Portfolio Investments (continued)

c) Kirkland Lake Gold Inc. (formerly St. Andrew Goldfields Ltd.)

As at December 31, 2018 and 2017, the Company holds 4,530 common shares of Kirkland. The estimated fair value of this investment at December 31, 2018 is \$161,268 (2017 - \$87,293).

The Company classifies all portfolio investments as Level 1 under the fair value hierarchy. There were no transfers between fair value levels during the year ended December 31, 2018 and 2017.

6. Equipment

	Computer Equipment	Furniture and Fixtures	Total
Cost			
Balance - January 1, 2017, December 31, 2017 and 2018	\$ 2,879	\$ 5,256	\$ 8,135
Accumulated Amortization			
Balance - January 1, 2017	\$ 2,840	\$ 5,167	\$ 8,007
Amortization for the year	12	27	39
Balance - December 31, 2017	2,852	5,194	8,046
Amortization for the year	8	19	27
Balance - December 31, 2018	\$ 2,860	\$ 5,213	\$ 8,073
Net Book Value			
As at December 31, 2017	\$ 27	\$ 62	\$ 89
As at December 31, 2018	\$ 19	\$ 43	\$ 62

Plato Gold Corp.

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7. Mineral Properties and Deferred Exploration Costs

	December 31, 2018			Total
	Good Hope Project	Lolita Project	Timmins Gold Project	
Balance - December 31, 2014	\$ -	\$ 316,964	\$ 1,025,067	\$ 1,342,031
Expenditures (recoveries) - January 1, 2015 to December 31, 2017	370,523	42,260	(11,566)	401,217
Write downs - January 1, 2015 to December 31, 2017	-	(359,224)	(1,013,501)	(1,372,725)
Balance - December 31, 2017	\$ 370,523	\$ -	\$ -	\$ 370,523
Acquisition costs	72,534	-	-	72,534
Exploration costs	1,013,813	-	-	1,013,813
Other	14,128	-	22,120	36,248
Total Current expenditures	1,100,475	-	22,120	1,122,595
Write-down of mineral property	-	-	(22,120)	(22,120)
Balance - December 31, 2018	\$ 1,470,998	\$ -	\$ -	\$ 1,470,998

a) Good Hope Niobium Project

On May 31, 2017, the Company signed two Option Agreements, KL226 Option Agreement and KL37 Option Agreement to acquire 100% interest in the Good Hope Niobium Project in Killala Lake area, near Marathon Ontario.

The Good Hope Niobium Property consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The Good Hope Property is located approximately 45 kilometers northwest of Marathon and 28 km north of Highway 17. The property is readily accessible from Trans-Canada Highway 17 and Dead Horse Road. The Property is also in close proximity to the Hemlo gold mining camp.

For the KL226 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL226 claims upon completion of the following:

i) Total cash payment of \$106,600 as follows:

- i) \$11,600 within 7 days of signing
- ii) \$15,000 within 60 days of TSXV approval
- iii) \$20,000 on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

Plato Gold Corp.

Notes to the Consolidated Financial Statements
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7. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

ii) Total payment of 7,500,000 common shares

- i) 3,500,000 common shares within 15 days of TSXV approval
- ii) 1,000,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For the KL37 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL37 claims upon completion of the following:

i) Total cash payment of \$2,000 as follows:

- i) \$2,000 within 7 days of signing

ii) Total payment of 1,600,000 common shares

- i) 1,000,000 common shares within 15 days of TSXV approval
- ii) 150,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For both the KL226 and KL37 Option Agreements

- i) A 3% Net Smelter Return Royalty to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- ii) A 3% Gross Overriding Royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43101 compliant resource exceeding 100 million tonnes of Nb205/P205 and an additional 2,000,000 common shares to Optionors, upon a positive bankable feasibility study.
- iv) 10% of the sale price or option price in cash or shares to Optionors, if the KL226 or KL37 claims are sold or optioned to a third party.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
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7. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

Prior to the 1st anniversary of the TSXV approval, on May 31, 2018, the Company issued 1,150,000 common shares for the KL37 and KL226 Option Agreements and made cash payment of \$20,000 for the KL226 Option Agreement. As well, exploration expenditures in excess of \$100,000 were made prior to the 1st anniversary.

The two option agreements are in good standing as of December 31, 2018 and there are no breaches of any covenants, terms or conditions in respect thereof.

b) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in the Lolita Property in Argentina. The Company was required to incur US\$50,000 in initial expenditures before June 19, 2009. On June 16, 2009 the parties extended this requirement to December 31, 2009. As of December 31, 2009 the initial expenditures of US\$50,000 (CDN\$50,094) had been met in accordance with the agreement.

Upon completion of the initial expenditures, a Joint Work Program for up to US\$500,000 was jointly developed and financed 75% by the Company and 25% by the other party ("Lhotka"). The agreement allows that Lhotka shall have its Joint Venture interest in the property diluted by 5% for each US\$100,000 in expenditures spent by the Company, if Lhotka declines its portion of the expenditure. Lhotka's interest in the property shall not be reduced to less than 2%, unless otherwise agreed by the parties, and Lhotka is entitled to receive a 2% Net Smelter Royalty ("NSR"). The Company has available an option to purchase the NSR for US\$500,000.

With the completion of the initial expenditures, registration of ownership of the property proceeded in accordance with the Joint Venture Agreement. As of August 9, 2011, Winnipeg Minerals S.A. ("WMSA") was incorporated in Argentina with the Company holding 75% and Lhotka holding 25% of the outstanding shares. The mineral claims were subsequently transferred to WMSA as of November 14, 2011.

With the exception of the amendment on June 16, 2009, there have been no changes to the terms of the option agreement since August 27, 2007.

Expenditures after the initial stage from January 1, 2010 to the incorporation of WMSA in 2011 incurred by the Company were \$179,829. As of the incorporation of WMSA, the total due from Lhotka amounted to CDN \$47,824 and consisted of:

1. 25% of \$179,829 which amounts to \$44,957
2. 25% of the mandatory deposit for shares of \$11,465 which amounts to \$2,867

The total due in 2011 prior to the incorporation of WMSA is \$47,824. In 2015, the Company reported an allowance of \$23,912 on the total due. Going forward, the Company is reporting a total due of \$23,912 prior to the incorporation of WMSA.

Plato Gold Corp.

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7. Mineral Properties and Deferred Exploration Costs (continued)

b) Lolita Project (continued)

Winnipeg Minerals S.A (“WMSA”).

WMSA was incorporated on August 9, 2011. Since incorporation funding to the Lolita Project consists of loans to WMSA and expenses incurred by the Company which are allocated to the Company (75%) and Lhotka (25%).

As at December 31, 2015, the total loaned to WMSA and expenses incurred by the Company after the incorporation of WMSA totaled \$74,045 with Plato accounting for \$55,534 (75%) and Lhotka \$18,511 (25%). The Company reported total due from Lhotka at December 31, 2015 of \$42,423.

As at December 31, 2016, the total loaned to WMSA and expenses incurred by the Company after the incorporation of WMSA totaled \$81,265 with Plato accounting for \$60,949 (75%) and Lhotka \$20,316 (25%). In 2016, Lhotka incurred expenses resulting in a credit of \$3,220, a reduction in accounts receivable for services provided by Lhotka. The Company reported total due from Lhotka at year end 2016 of \$41,008.

As of December 31, 2017, the total loan to WMSA and expenses incurred by the Company after the incorporation of WMSA totals \$103,315 with Plato accounting for \$77,486 (75%) and Lhotka \$25,829 (25%). The Company reported total due from Lhotka at December 31, 2017 of \$46,521.

As of December 31, 2018, the total loaned to WMSA and expenses incurred by the Company after the incorporation of WMSA totals \$120,565 (2017 - \$103,315) with Plato accounting for \$90,424 (2017 - \$77,486) (75%) and Lhotka \$30,141 (2017 - \$25,829) (25%). The Company reported total due from Lhotka at December 31, 2018 of \$50,833 (2017 - \$46,521).

The option agreement, including the amendment, was in good standing as of December 31, 2018 and there are no breaches of any covenants, terms or conditions in respect thereof.

Pursuant to an impairment analysis performed on the Company’s Lolita property as at December 31, 2015, the Company decided to write down the carrying value of the property totaling \$321,275 to \$Nil. While the Company’s interest in the Lolita project remains unchanged for the nine months ended December 31, 2018, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Lolita property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Lolita property in prior years. To date, the Company has incurred and written down \$359,224 of project related costs.

Plato Gold Corp.

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7. Mineral Properties and Deferred Exploration Costs (continued)

c) Timmins Gold Project

The Timmins Gold Project is comprised of four properties along the DestorPorcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 93 claims. The Company holds 100% interest in the Holloway and Marriott Properties. The Company holds 50% interest in the Guibord property with the remaining 50% held by Osisko, of which 10% is beneficially held for Kirland Lake. The Company holds 20% interest in the Harker property with the remaining 80% held by Osisko. The properties are subject to a 2% net smelter royalty held by a former director of the Company.

Pursuant to an impairment analysis performed on the Company's Timmins property as at December 31, 2015, the Company decided to write down the carrying value of the property at December 31, 2015 totaling \$1,010,246 to \$Nil. While the Company's interest in the Timmins project remains unchanged for the year ended December 31, 2018, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss during the year ended December 31, 2018. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Timmins property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Timmins property in prior years. To date, the Company has incurred and written down \$1,035,621 of project related costs.

8. Convertible Debentures

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Face value	Carrying amount	Interest payable
Balance - January 1, 2017	\$ -	\$ -	\$ -
Issued during the year	300,000	212,160	-
Interest accretion	-	9,648	-
	<u>300,000</u>	<u>221,808</u>	<u>-</u>
Interest expense on convertible debentures	-	-	16,500
Balance - December 31, 2017	<u>\$ 300,000</u>	<u>\$ 221,808</u>	<u>\$ 16,500</u>

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8. Convertible Debentures (continued)

	Face value	Carrying amount	Interest payable
Balance - January 1, 2018	\$ 300,000	\$ 221,808	\$ 16,500
Interest accretion	-	13,392	-
	<u>300,000</u>	<u>235,200</u>	<u>16,500</u>
Interest expense on convertible debentures	-	-	13,500
Convert to common shares	(300,000)	(235,200)	(30,000)
	<u>-</u>	<u>-</u>	<u>-</u>
Balance - December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

On June 15, 2018, the holders converted \$250,000 of face value convertible debentures into 5,000,000 common shares of the Company at \$0.05 per share. In addition, all accrued and outstanding interest payable of \$25,000 at the time of conversion was converted into 500,000 common shares at \$0.05 per shares.

During the year ended December 31, 2018, the Company incurred interest expense relating to this series of convertible debentures of \$11,250 (2017 - \$13,750). As at December 31, 2018, accounts payable and accrued liabilities included \$Nil (2017 - \$13,750) payable to the holder in interest.

On June 15, 2018, the holder, the President and CEO, converted \$50,000 of face value convertible debentures into 1,000,000 common shares of the Company at \$0.05 per share. In addition, all accrued and outstanding interest payable of \$5,000 at the time of conversion was converted into 100,000 common shares at \$0.05 per shares.

During the year ended December 31, 2018, the Company incurred interest expense relating to this series of convertible debentures of \$2,250 (2017 - \$2,750). As at December 31, 2018, accounts payable and accrued liabilities included \$Nil (2017 - \$2,750) payable to the holder in interest.

9. Due to a Related Company

	December 31, 2018	December 31, 2017
Related Company	<u>\$ -</u>	<u>\$ 42,000</u>

Amounts due to the related company are non-interest bearing, unsecured and due on demand. The Company and the related company have a director in common. This director is also a shareholder and officer of both companies.

Plato Gold Corp.

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10. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding

	<u>Number</u>	<u>Amount</u>
Balance - January 1, 2017	143,591,655	6,179,587
Issued for:		
(i) Option agreements	4,500,000	225,000
(ii) Settlement of outstanding debt	16,615,800	830,790
	<hr/>	<hr/>
Balance - December 31, 2017	164,707,455	\$ 7,235,377
	<hr/>	<hr/>
Balance - January 1, 2018	164,707,455	\$ 7,235,377
Issued for:		
Private placements completed in May 7, 2018(i)	11,450,000	404,081
Flow-through shares(ii)	4,000,000	200,000
Private placements completed in September 5, 2018(iii)	9,592,272	527,575
Conversion of convertible debenture (Note 8)	6,600,000	350,500
Option agreements payment	1,150,000	57,500
Issuance costs	-	(44,827)
	<hr/>	<hr/>
Balance - December 31, 2018	197,499,727	\$ 8,730,206
	<hr/>	<hr/>

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

(i) During the first quarter the Company initiated a non-brokered private placement to raise funds for the Good Hope Niobium Project. Units were priced at \$0.05 each. Each unit consists of one (1) common share in the capital stock of Plato ("Common Share") and one-half of a common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share at a price of \$0.10 per common share until the date which is twenty-four (24) months following the closing date, whereupon the Warrants will expire. If the weighted average trading price of the Company's common shares on the Company's principal stock exchange closes at a minimum of \$0.10 per share for a period of five (5) consecutive trading days, the Company may accelerate the expiry date of the Warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of the Warrants.

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10. Share Capital (continued)

(i) (continued)

On February 20, 2018 the Company completed the first tranche of the offering consisting of the sale of 4,800,000 units for gross proceeds of \$240,000. The company allocated \$167,496 of the proceeds to common shares and \$72,504 of the proceeds to warrants. The Company incurred issuance cost of \$733 with respect to the first tranche.

On March 16, 2018 the Company completed the second tranche of the offering consisting of the sale of 3,500,000 units for gross proceeds of \$175,000. The company allocated \$122,924 of the proceeds to common shares and \$52,076 of the proceeds to warrants. The Company incurred issuance cost of \$22,944 with respect to the second tranche.

On May 7, 2018, the Company completed the third and final tranche of the non-brokered private placement consisting of 3,150,000 units issued for gross proceeds of \$157,500. The company allocated \$113,661 of the proceeds to common shares and 43,839 of the proceeds to warrants. The Company incurred issuance cost of \$8,809 with respect to the third and final tranche.

The three closings resulted in an aggregate of 11,450,000 units issued for gross proceeds of \$572,500. The Company incurred total issuance cost of \$32,486 with respect to the three tranche.

(ii) In the second quarter, on May 7, 2018, the Company completed a non-brokered private placement of 4,000,000 Flow-Through common shares at a price of \$0.05 each for total gross proceeds of \$200,000. The Company incurred issuance cost of \$4,966 with respect to the offering.

(iii) In the third quarter, initiated a non-brokered private placement to raise funds for the Good Hope Niobium Project at an unit price of \$0.055 per share.

On August 8, 2018, the Company completed the first tranche of the non-brokered private placement consisting of 5,855,454 common shares issued for gross proceeds of \$322,050. The Company incurred issuance cost of \$4,502 with respect to the first tranche.

On September 5, 2018, the Company completed the second and final tranche of the non-brokered private placement consisting of 3,736,818 common shares issued for gross proceeds of \$205,525. The Company incurred issuance cost of \$2,873 with respect to the second and final tranche.

The two closings resulted in an aggregate of 9,592,272 common shares issued for gross proceeds of \$527,575. The Company incurred issuance cost of \$7,375 with respect to the offering.

The Company used the net proceeds from the offering on the 5,000 metres drill program on the Good Hope Niobium Project and for general working capital purposes.

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11. Warrants

- a) A summary of the status of the Company's warrants as at December 31, 2018 and 2017 and changes during the period is as follow:

	<u>Number</u>	<u>Amount</u>	<u>Weighted Average Exercise Price</u>
Balance - January 1, 2017 and 2018	-	\$ -	\$ -
Issued first tranche, February 20, 2018(i)	2,400,000	72,504	0.10
Issued second tranche, March 16, 2018(ii)	1,750,000	52,076	0.10
Issued third tranche, May 7, 2018(iii)	1,575,000	43,838	0.10
Issuance costs(iv)	-	(13,434)	-
Balance - December 31, 2017 and 2018	<u>5,725,000</u>	<u>\$ 154,984</u>	<u>\$ 0.10</u>

- (i) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for first tranche closed on February 20, 2018.

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	245%
Unit price	\$0.05

- (ii) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for second tranche closed on March 16, 2018.

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	236%
Unit price	\$0.05

- (iii) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for third tranche closed on May 7, 2018

Expected dividend yield	Nil
Risk-free interest rate	1.91%
Expected life	2 years
Expected volatility	206%
Unit price	\$0.05

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11. Warrants (continued)

a) (continued)

(iv) Issuance costs consist of cash payments and Finders Warrants. Finders Warrants are disclosed in note 11(b).

b) Finders Warrant

Pursuant to the Finder Agreement, on March 16, 2018 the Corporation granted Finders Warrants equal to 7% of the of the units issued under the offering.

Each Finders warrant will entitle the holder to purchase one Unit, at an exercise price equal to \$0.10 per Warrant Unit for a period of 24 months from the closing date. The Warrants underlying the Units issuable upon exercise of the Finders Warrant will be void and of no value at the Expiry Time.

A summary of changes to Finders Warrant is as follow:

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2018 and 2017	-	\$ -	-
Granted/vested	154,000	\$ 6,696	\$ 0.10
Balance - December 31, 2018	154,000	\$ 6,696	\$ 0.10

All outstanding Finders Warrants have fully vested and are exercisable.

The fair value of the Finders Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	236%
Stock price	\$0.05

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12. Stock Based Compensation

a) Stock Options Plan

The Board of Directors has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed. The options shall vest and may be exercised as determined by a resolution of the board of directors.

b) A summary of changes to stock options is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance - January 1	4,845,000	\$ 0.10	4,845,000	0.10
Granted/vested	6,780,000	0.10	-	-
Granted/vested	300,000	0.10	-	-
Expired	(550,000)	-	-	-
Balance - December 31	11,375,000	\$ 0.10	4,845,000	\$ 0.10

All outstanding options have fully vested and are exercisable.

c) One of the Company's directors retired on June 12, 2018 and 550,000 options expired on September 10, 2018.

On October 29, 2018, the Company granted 6,780,000 of options to its directors, offices and employees. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 10 years from the date the option was granted. The stock options vest immediately upon grant and are exercisable.

On October 29, 2018, the Company granted 300,000 of options to consultants. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 2 years from the date the option was granted. The stock options vest immediately upon grant and are exercisable.

Plato Gold Corp.

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12. Stock Based Compensation (continued)

c) (continued)

The Company recorded share based compensation expense of \$203,214 on the consolidated statement of income (loss) and comprehensive income (loss) for the 6,780,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.39%
Expected life	10 years
Expected volatility	218%
Stock price	\$0.03

The Company recorded share based compensation expense of \$6,604 on the consolidated statement of income (loss) and comprehensive income (loss) for the 300,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.23%
Expected life	2 years
Expected volatility	200%
Stock price	\$0.03

d) As at December 31, 2018 the following options were outstanding:

Exercise Price	Number of Options		Expiry Date
	Unvested	Vested	
\$ 0.100	-	595,000	December 4, 2019
\$ 0.100	-	1,325,000	April 20, 2020
\$ 0.100	-	300,000	October 29, 2020
\$ 0.100	-	2,375,000	March 29, 2021
\$ 0.100	-	6,780,000	October 29, 2028
	-	11,375,000	

Plato Gold Corp.

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12. Stock Based Compensation (continued)

d) (continued)

As at December 31, 2017 the following options were outstanding:

Exercise Price	Number of Options		Expiry Date
	Unvested	Vested	
\$ 0.100	-	595,000	December 4, 2019
\$ 0.100	-	1,325,000	April 20, 2020
\$ 0.100	-	300,000	October 29, 2020
\$ 0.100	-	2,625,000	March 29, 2021
	-	4,845,000	

13. Income Taxes

a) Income tax recovery attributable to the income (loss) differs from the amounts computed by the combined federal and provincial tax rates of 26.50% (2017- 26.50%) to the pretax loss as a result of the following for the year ended December 31:

	2018	2017
Income (loss) for the year before income taxes	\$ 60,278	\$ (319,546)
Income tax recovery computed at statutory rates	15,974	(84,680)
Permanent differences		
Other adjustments	(8,830)	(8,069)
Non-deductible expenses	55,803	187
Change in deferred taxes not recognized	(62,947)	92,562
	\$ -	\$ -

b) The components of deferred tax assets and liabilities as at December 31:

	2018	2017
Deferred tax asset		
Cumulative Canadian exploration expenses	\$ 7,000	\$ 20,248
Deferred tax liability		
Convertible debentures	-	(20,248)
Portfolio Investments	(7,000)	-
Net	\$ -	\$ -

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13. Income Taxes (continued)

c) The deductible temporary differences and unused tax losses and credits for which no deferred tax asset is recognized are as at December 31:

	<u>2018</u>	<u>2017</u>
Non-capital loss carryforwards	\$ 5,972,000	\$ 5,624,000
Financing expenses	47,000	-
Portfolio investments	-	8,000
Equipment	8,000	8,000
Earned depletion base	298,000	298,000
Cumulative exploration and development expenses	1,115,000	1,300,000
Investment tax credits	506,000	506,000
Other	34,000	-

As at December 31, 2018, the Company had non-capital loss carryforwards of approximately \$5,972,000 (2017 - \$5,624,000) which are available to reduce taxable income of future years.

2026	\$ 590,000
2027	700,000
2028	342,000
2029	648,000
2031	685,000
2032	537,000
2033	540,000
2034	502,000
2035	399,000
2036	343,000
2037	343,000
2038	343,000
	<u>\$ 5,972,000</u>

14. Related Party Transactions

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

- a) incurred rent of \$3,000 (2017 - \$6,000) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies. As at December 31, 2018, accounts payable and accrued liabilities included (net of taxes) \$9,000 (2017 - \$6,000) related to rent payable.
- b) incurred consulting fees of \$72,000 (2017 - \$72,000) with one of the Company's officers. As at December 31, 2018, accounts payable and accrued liabilities included (net of taxes) \$228,096 (2017 - \$219,168) of consulting fees payable to the officer.

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14. Related Party Transactions (continued)

- c) incurred consulting fees of \$5,900 (2017 - \$5,900) with one of the Company's directors. As at December 31, 2018, accounts payable and accrued liabilities included (net of taxes) \$14,750 (2017 - \$17,700) of consulting fees payable to the director.
- d) incurred directors fees of \$28,000 (2017 - \$28,000). As at December 31, 2018, accounts payable and accrued liabilities included (net of taxes) \$43,350 (2017 - \$253,700) of directors' fees payable.
- e) wrote-off accounts payable and accrued liabilities of \$681,091 for director fees and salaries owed to an officer and the directors. See note 15 for more details.
- f) received an advance of \$Nil (2017 - \$42,000) from a related corporation. As at December 31, 2018, the amount due to the related party is \$Nil (2017 -\$42,000).

15. Management Compensation

Key management includes all directors (management and non-management directors) and the Chief Financial Officer. The Chief Executive Officer is a management director. The compensation paid or payable to key management for services is shown below:

	2018	2017
Salaries and consulting fees	\$ 173,900	\$ 173,900
Directors fees	28,000	28,000
Share-based compensation (note 12 (c))	209,818	-
	<u>\$ 411,718</u>	<u>\$ 201,900</u>

During the year ended December 31, 2018, the current five directors, one past director, and the President & CEO agreed to write off the accrued liabilities for the President & CEO's past salary from 2015 to 2018, and directors' fees from 2008 to 2018 totaling \$681,091. This eliminates the amount from Company's accrued liabilities, in exchange for \$4,663 representing the equivalent of \$100 per year, or portion of a year, for each participating director and for the President & CEO, for past services rendered. One past director did not participate and accrued liabilities of \$43,350 for the past directors and \$14,750 for corporate secretary, totaling \$58,100 remain. Accounts payable and accrued liabilities as at December 31, 2018 includes \$61,050 (2017 - \$576,838) payable to these parties.

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16. Financial Instruments

a) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2018, the Company had current assets of \$282,806 (2017 - \$229,448) to settle current liabilities of \$707,701 (2017 - \$1,471,329). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2019. Management prepares budgets and ensures funds are available prior to commencement of any exploration program. During the years ended December 31, 2018 and 2017, the Company has received the majority of its financing through advances from a related party, issuance of common shares, and from proceeds generated from the convertible debentures issued. During the year ended December 31, 2018, the Company received the majority of its financing proceeds from the private placements.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. Other receivables include a receivable from a related party of \$50,833 (2017 - \$46,521), which is net of a valuation allowance of \$23,912 (2017 - \$23,912) and HST receivable of \$15,907 (2017 - \$17,578).

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and equity prices.

(i) Foreign Exchange Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Argentina. A significant change in the currency exchange rates between the Canadian dollar and Argentinean peso could have an effect on the Company's results of operations.

At December 31, 2018, the Company is exposed to currency risk through Argentinean cash expressed in Canadian dollars of \$216 (2017 - \$4,004). A 10% depreciation or appreciation of the Canadian dollar against the Argentinean peso would result in an increase/decrease of approximately \$16 (2017 - \$400) the Company's consolidated statement of comprehensive income (loss).

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16. Financial Instruments (continued)

c) Market Risk (continued)

(ii) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. 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's investments in the common shares of Osisko Mining Inc., Monarques Gold Corporation and Kirkland Lake Gold Inc. are subject to fair value fluctuations arising from changes in the equity market. At December 31, 2018, should the equity prices of the Company's holdings increase or decrease by 5%, the impact on net loss would be approximately \$10,856 (2017 - \$7,393).

17. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At December 31, 2018, the Company's capital consists of shareholders' equity (deficiency) in the amount of \$1,066,892 (2017 - (\$795,140)) and also includes loan due to related parties for \$Nil (2017 - \$42,000)

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2018 and 2017.