
Tintina Mines Limited

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Tintina Mines Limited:

We have audited the accompanying financial statements of Tintina Mines Limited, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tintina Mines Limited as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes conditions that cast significant doubt about the Company's ability to continue as a going concern.

Mississauga, Ontario

April 23, 2018

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Tintina Mines Limited

Statements of Financial Position (Expressed in Canadian Dollars)

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	\$ 58,610	\$ 58,558
Accounts receivable, prepaid expenses and other (note 3)	12,644	15,410
Total current assets	71,254	73,968
Non-current assets		
Office and exploration equipment, net (note 6)	-	51
Investments available-for-sale (note 4)	1	1
Exploration and evaluation assets (note 7)	3	3
Total non-current assets	4	55
Total Assets	\$ 71,258	\$ 74,023
Liabilities and shareholders' deficiency		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 49,910	\$ 78,513
Grid promissory note (note 8)	11,771,485	11,421,485
Total current liabilities	11,821,395	11,499,998
Non-current liabilities		
Site restoration provision (note 9)	383,363	383,363
Total liabilities	12,204,758	11,883,361
Shareholders' deficiency		
Common shares (note 10)	9,866,559	9,866,559
Contributed surplus (note 11)	842,860	842,860
Deficit	(22,842,919)	(22,518,757)
Total shareholders' deficiency	(12,133,500)	(11,809,338)
Total liabilities and shareholders' deficiency	\$ 71,258	\$ 74,023

Nature of operations and going concern (note 1)

Approved by the Board of Directors:

Director: Juan Enrique Rassmuss _____

Director: Carmelo Marrelli _____

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

Tintina Mines Limited

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

	Year Ended December 31,	
	2017	2016
Income		
Interest and sundry income	\$ -	\$ 34,100
Expenses		
Care and maintenance for the exploration and evaluation assets	95,235	82,439
Exploration expenditures	-	13,000
Depreciation (note 6)	51	4,860
Compensation (note 12)	113,980	46,448
Legal and professional fees (note 12)	48,895	47,109
Rent (note 12)	26,261	28,022
Insurance	16,831	11,880
Listing and compliance costs	18,082	14,954
Government fees and claim renewals	4,714	4,696
General administration	113	654
	324,162	254,062
Net loss and comprehensive loss for the year	\$ (324,162)	\$ (219,962)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding, basis and diluted	25,557,277	25,557,277

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

Tintina Mines Limited

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

	Common Shares		Contributed Surplus	Deficit	Total
	Number	Amount			
Balance, December 31, 2015	25,557,277	\$ 9,866,559	\$ 842,860	\$ (22,298,795)	\$ (11,589,376)
Net loss for the year	-	-	-	(219,962)	(219,962)
Balance, December 31, 2016	25,557,277	\$ 9,866,559	\$ 842,860	\$ (22,518,757)	\$ (11,809,338)
Net loss for the year	-	-	-	(324,162)	(324,162)
Balance, December 31, 2017	25,557,277	\$ 9,866,559	\$ 842,860	\$ (22,842,919)	\$ (12,133,500)

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

Tintina Mines Limited

Statements of Cash Flows (Expressed in Canadian Dollars)

	Year Ended December 31,	
	2017	2016
Operating Activities		
Net loss for the year	\$ (324,162)	\$ (219,962)
Depreciation	51	4,860
Net change in non-cash working capital:		
Accounts receivable, prepaid expenses and other	2,766	6,539
Accounts payable and accrued liabilities	(28,603)	52,356
Income taxes payable	-	(807)
Cash used in operating activities	(349,948)	(157,014)
Financing Activities		
Increase in promissory notes	350,000	200,000
Cash provided by financing activities	350,000	200,000
Change in cash during the period	52	42,986
Cash, beginning of the year	58,558	15,572
Cash, end of the year	\$ 58,610	\$ 58,558

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

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Tintina Mines Limited (the "Company", the "Corporation" or "Tintina") is engaged in the evaluation, acquisition and exploration of gold and base mineral properties in Canada, with the intent of developing and placing the properties into production, if commercially feasible. Tintina was incorporated on December 6, 1961 under the laws of Canada and its registered office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company is a development stage enterprise and currently has no significant revenue from operations. The Company has not yet determined whether the mining properties and claims it holds in its exploration portfolio contain resources that are economically recoverable. Future operations are dependent upon the existence of economically recoverable resources, the ability of the Company to obtain all necessary permits and to raise financing to complete the exploration and development and future profitable production or proceeds from the disposition of such properties. In addition, the Company's properties may be subject to significant financial risks, legal and political risks, commodity prices risks, and the ability of the Company to discover economically recoverable reserves and to bring such reserves into future profitable production.

These financial statements have been prepared on the basis that the Company is 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 operations.

The Company currently does not intend to liquidate or cease trading. The Company has no source of operating cash flows. As at December 31, 2017, the Company had a working capital deficit of \$11,750,141 (December 31, 2016 - \$11,426,030) has incurred net losses of \$324,162 during the year ended December 31, 2017 and has yet to achieve profitable operations, thereby accumulating a deficit of \$22,842,919 (December 31, 2016 - \$22,518,757). These continuing losses cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the Company will need to raise additional capital through equity issuance or through its significant shareholder in order to continue funding its operating, exploration and evaluation activities or eventual development of its properties. The outcome of these matters cannot be predicted at this time.

To date, the Company has raised funds principally through borrowing funds from its significant shareholder, who died on March 26, 2016. As of September 30, 2011 a loan agreement was signed with the significant shareholder that stated that he has agreed to advance to Tintina, in an amount and frequency agreed to between the Company and the significant shareholder from time to time, monies as are required to maintain the Company's ongoing activities. Therefore, in the foreseeable future the Company will likely remain dependent initially on the estate of the significant shareholder and its succession (the "Significant Shareholder") to raise funds to explore and develop its properties, and on the availability of project financing for the development of the Company's properties.

These financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies

Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The financial statements were prepared on a going concern basis under the historical cost convention and these financial statements were authorized for issuance by the Board of Directors of the Company on April 23, 2018.

Functional Currency

The Company's presentation and functional currency is the Canadian Dollar.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires management to exercise judgment in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements include the site restoration provision (note 9). Actual results could differ from those estimates.

Evaluation and exploration

Evaluation and exploration ("E&E") expenditures generally include the direct costs of licenses, technical services and studies, environmental studies, seismic studies, exploration drilling and testing, and directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management. These costs do not include general prospecting or valuation costs incurred prior to having obtained the rights to explore an area, which are expensed as incurred.

E&E expenditures are deferred if it is probable that these costs will be recovered from future operations otherwise they are recorded as an expense in the period in which they are incurred.

E&E expenditures are capitalized and carried forward when technical feasibility and commercial viability of extracting the resource is established.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments with maturities of less than three months at the date of acquisition. As at December 31, 2017 and 2016, the Company did not hold any cash equivalents.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets

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

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

Available-for-sale - These assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of loss and comprehensive loss.

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

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold-to-maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

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

Financial liabilities

The Company's accounting policy for each category of financial liability is as follows:

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

Other financial liabilities - This category includes all other financial liabilities which are recognized at amortized cost.

Refer to note 5 for details on the Company's financial instruments.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

Office and exploration equipment

Office and exploration equipment are stated at cost, less accumulated depreciation and any impairment in value. Cost includes the purchase price (after deducting trade discounts and rebates), any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the estimate of the present value of the costs of dismantling and removing the item and restoring the site. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de - recognized. The costs of the day-to-day servicing of office and exploration equipment are recognized in the statements of loss and comprehensive loss as incurred.

Office and exploration equipment are amortized on a straight-line basis over 3 to 6 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Impairment of non-financial assets

The Company assesses the carrying amount of non-financial assets including office and exploration equipment at each reporting date to determine whether there is any indication of impairment. Internal factors, such as budgets and forecasts, as well as external factors, such as expected future prices, costs and other market factors are also monitored to determine if indications of impairment exist. Impairment is assessed at the individual asset or cash - generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

If after the Company has previously recognized an impairment loss, circumstances indicate that the fair value of the impaired assets is greater than the carrying amount, the Company reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount after depreciation, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in the statements of loss and comprehensive loss.

Site restoration obligation

Site restoration obligations arise when environmental disturbance is caused by the exploration or development of a mineral property interest. Site rehabilitation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the site restoration obligation and is discounted to its present value. A corresponding amount is also recognized as part of the cost of the related asset; however, to the extent that the site restoration obligation was created due to exploration activities, the amount capitalized is reduced immediately by a charge to exploration expense for the same amount. The obligation is progressively increased as the effect of discounting unwinds creating an expense recognized in the statements of loss and comprehensive loss.

Tintina Mines Limited

Notes to Financial Statements

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(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

Provisions

A provision is recognized when there is a present legal or constructive obligation, as a result of a past event, which is likely to result in an outflow of economic benefits and where a reliable estimate of the amount of the obligation can be made. If the effect is material, a provision is determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects the risks specific to the liability where appropriate.

Share-based compensation

The Company has a share option plan that allows the Company's employees, directors and consultants to acquire shares in the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in contributed surplus. The fair value of option grants to executives who are primarily dedicated to the exploration and evaluation of mining properties is expensed with a corresponding increase in contributed surplus. The fair value of options is measured using the Black-Scholes option pricing model and estimated forfeitures as at the grant date and is recognized over the vesting period. At the end of each reporting period, the compensation expense is adjusted to reflect any changes to the Company's estimate of the number of awards that are expected to vest. Upon exercise of a share option, the consideration received is credited to share capital along with the amounts previously recognized in contributed surplus.

Loss per common share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

The weighted average number of common shares outstanding during the year ended December 31, 2017 was 25,557,277 (2016 - 25,557,277).

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carryforwards.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The effect on deferred tax assets and liabilities of a change in tax rates is generally recognized in income in the period that includes the date of enactment or substantive enactment. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

IFRS 9 — Financial Instruments ("IFRS 9") was updated by the IASB in November 2009 and will replace part of IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 addresses the classification and measurement of financial assets. The two measurement categories for financial assets include amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

3. Accounts receivable, prepaid expenses and other

Accounts receivable, prepaid expenses and other comprise the following:

	December 31, 2017	December 31, 2016
Prepaid expenses	\$ 11,399	\$ 4,383
Harmonized and goods and services tax receivable	1,245	11,027
	\$ 12,644	\$ 15,410

4. Investments available-for-sale

The Company holds investments available-for-sale in Birch Mountain Resources Ltd. of 120,200 (December 31, 2016 - 120,200) common shares, which had no market value. In addition, Tintina holds, as an investment available-for-sale, 300,625 common shares (December 31, 2016 - 300,625) of NSR Resources Inc. ("NSR") valued at \$1 (December 31, 2016 - \$1). The Company's controlling shareholder is also a significant shareholder of NSR. The investment in NSR was written down by \$15,031 in 2011 to \$1 as it was determined that the cost was not recoverable as a result of continuous significant financial difficulty of NSR coupled with its delisting from the TSX Venture Exchange.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

5. Financial instruments

Financial assets are classified into one of the following categories under IFRS: fair value through profit and loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. The carrying value of the Company's financial instruments is classified into the following categories:

	December 31, 2017	December 31, 2016
Fair value through profit and loss ⁽¹⁾	\$ 58,610	\$ 58,558
Available-for-sale ⁽²⁾	\$ 1	\$ 1
Loans and receivables ⁽³⁾	\$ 1,245	\$ 11,027
Other financial liabilities ⁽⁴⁾	\$ 11,821,395	\$ 11,499,998

(1) Includes cash.

(2) Includes investments available-for-sale.

(3) Includes accounts receivable, Harmonized sales tax ("HST") receivable, but excludes prepaid expenses.

(4) Includes accounts payable and accrued liabilities, due to related parties and promissory notes.

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and financial liabilities. Fair value estimates are made at the end of the reporting period, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company has designated its cash as fair value through profit and loss, which is measured at fair value. HST and advances are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and Grid Promissory Notes are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2017, except as noted below, the carrying values of the Company's financial instruments approximate their fair values due to their short-term nature. The fair value of the promissory notes held by a related party is not determinable as there is no comparable market data.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

5. Financial instruments (continued)

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's primary credit risk is on its bank accounts and fixed deposits, whose balance at December 31, 2017 of \$58,610 (December 31, 2016 - \$58,558) held with a large Canadian financial institution. The other credit risk is attributable to the \$1,245 (December 31, 2016 - \$11,027) HST receivable from the Federal Government of Canada and the \$11,399 (December 31, 2016 - \$4,383) due from vendors to be adjusted against services to be provided by them. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2017, the Company had cash of \$58,610 (December 31, 2016 - \$58,558) to settle current liabilities of \$11,821,395 (December 31, 2016 - \$11,499,998). The Company receives additional cash from its Significant Shareholder on a regular basis when the cash on hand is insufficient to cover liabilities that become due and expects to be able to continue to raise these funds.

The receipt of such funds as contemplated would be sufficient to fund the capital requirements of the Company. However there can be no assurance that these funds will be available and as described in Note 1, the Company will need to raise additional capital through equity issuance or other available means in order to continue funding its operating, exploration and evaluation activities, and eventual development of its properties. The outcome of these matters cannot be predicted at this time.

Market risk

Market risk arises through a general slowdown in the economy over a sustained period of time. The Company's investments operate businesses that are at risk of loss during the contraction of the economy. The Company's short-term investments are subject to market risk.

6. Office and exploration equipment

Office and exploration equipment consists of the following:

	Office and exploration equipment	Accumulated depreciation	Net book value
Balance, December 31, 2015	\$ 489,068	\$ 484,157	\$ 4,911
Additions	-	4,860	(4,860)
Balance, December 31, 2016	489,068	489,017	51
Additions	-	51	(51)
Balance, December 31, 2017	\$ 489,068	\$ 489,068	\$ -

Tintina Mines Limited

Notes to Financial Statements

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(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

	December 31, 2017	December 31, 2016
Whitehorse Mining District, Yukon Territory - 22 claims (2016 - 22) (a)	\$ 1	\$ 1
Sudbury Mining District, Ontario (b)	1	1
Watson Lake Mining District, Yukon Territory - 11 claims (2016 -11) (c)	1	1
	<u>\$ 3</u>	<u>\$ 3</u>

The Company wrote down the value of its mining properties and claims for Whitehorse Mining District, Sudbury Mining District, and Watson Lake Mining District to \$1 each in 2001. The Company continues to hold title to these properties and may continue exploration activities in these areas in the future.

(a) Whitehorse Mining District, Yukon Territory

The Red Mountain property originally consisted of 208 claims and has been the key focus of the Company's exploration activities during the period from 2011 to 2014. During 2011, the Company constructed an all-weather access road to the property in order to continue its exploration activities at the property. During 2012, the Company carried out exploratory drilling activities as well as commenced environmental assessment activities in order to advance the license application process for advanced underground exploration. During 2013, the Company continued with its environmental monitoring studies and data gathering activities. No other significant activities were undertaken. Of the 208 claims, 186 expired during the year ended December 31, 2016 and had been staked by a third party. The Company's petition to reinstate the expired claims by the mining registrar had been denied. The material claims with respect to the Company's deposit remained in good standing as at December 31, 2017 and will be renewed in normal course.

In addition, due to the loss of the claims, the mining land use permit for road access to the main claims of the project was no longer valid. The terms of the Company's permit required that if it no longer held the affected claims, the Company would be required to remediate the road they had built along with the existing camp, the old camp site, any trail or secondary roads, drill pads and any other disturbances.

On August 14, 2017, Tintina management submitted a letter to the Land Use Manager in the Yukon requesting an extension of the current Land Use Permit for the road within the third party claims in order to keep land access to the project.

On August 23, 2017, the Company received an official communication from the Land Use Manager office of the Energy, Mines and Resources department informing Tintina that the Land Use Permit has been amended to include the portion of the Red Mountain Road previously located on Tintina claims and currently within third party claims. Therefore, Tintina will maintain the road access to the Red Mountain Project and perform exploration activities using it.

Tintina Mines Limited

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets (continued)

(b) Sudbury Mining District, Ontario

This property consists of 500 acres of land held in fee simple, purchased in November 1978 in the Mining District of Sudbury West in the Township of May. Exador Resources Inc. holds a 10% net profit royalty from any future mineral production from the property.

(c) Watson Lake Mining District, Yukon Territory

The Watson Lake property consists of 11 active claims. As a result of exploration work on the Watson Lake property, the Company received grants totaling \$116,240 during 1975 and 1976 from the Department of Indian and Northern Affairs (Government of Canada). Should gainful production commence as a result of the work carried out, then: (i) the grants will be repayable at a rate of not less than 10% per annum; (ii) the amount repayable will bear simple interest at approximately 2% above the average rate on long-term Government of Canada bonds; and (iii) interest will be accrued from the date the grants become repayable. To date, gainful production has not commenced and no obligation for principal or interest payments has been accrued in these financial statements.

8. Grid Promissory notes

The Company has received \$11,771,485 (December 31, 2016 - \$11,421,485) in cash from its Significant Shareholder, covered by 44 promissory notes. As of September 30, 2011, the Company signed a loan agreement whereby these past, present and future advances will be covered under a grid promissory note ("the Grid Note"). These notes are unsecured, do not bear interest and are payable on demand. After demand is made, the Grid Note will bear interest at a rate of 3%.

9. Site restoration provision

In connection with construction of the all-weather access road to the Red Mountain mine site during 2012, the Company has an obligation to return the site as close as possible to its pre-construction condition. These activities will include leaving the site clean following the project completion, removing hazardous materials and petroleum products from the site and re-contouring major cuts and side slopes, preventing long-term erosion/slumping and promoting successful revegetation of disturbed areas. This gives rise to a site restoration obligation when exploration and mining activities at the site are completed. The long-term site restoration provisions are based on current management plans, cost estimates and compliance with existing agreements.

Tintina's site restoration provision was calculated using a discount rate range of 1% - 3% assuming a risk-free discount rate of 2.75% - 4% and an inflation factor of 1.7%. The liability for restoration on an undiscounted basis before inflation is estimated to be approximately \$498,000. Management anticipates that such costs will be incurred between 2021 and 2066, depending upon the success of exploration activities undertaken. Accordingly, the provision was calculated based on management's best estimate of the weightings of the probable outcomes as of the end of the reporting period.

In view of the uncertainties concerning the cost estimates and the extent of decommissioning activities that will be required, the ultimate cost of the site restoration could differ materially from the estimated amounts provided. The estimate of the total liability for site restoration costs is subject to change based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions may be significant and would be recognized prospectively as a change in accounting estimate, when applicable.

The Company is not able to determine the impact, if any, of environmental laws and regulations that may be enacted in the future on its results of operations or financial position due to the uncertainty surrounding the ultimate form that such future laws and regulations may take.

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10. Common shares

The Company is authorized to issue unlimited common shares without par value. During the years ended December 31, 2017 and 2016, the weighted average number of common shares outstanding was 25,557,277.

11. Share options

Under the Company's Share Option Plan (the "Plan") approved by the shareholders in 1994, the Company may grant to directors, officers and senior executives options to purchase common shares in the Company. The aggregate number of shares reserved for issuance under the Plan shall not exceed 2,500,000 common shares. The total number of shares which may be reserved for issuance to any one individual under the Plan shall not exceed 5% of the total number of issued and outstanding shares (on a non-diluted basis). Options granted, which are immediately vested, have a five-year term and are priced at the TSX Venture Exchange's closing price of the Company's common shares on the day immediately prior to the date the options were granted.

As at December 31, 2017, no stock options were outstanding.

A summary of the share option activity during the periods is presented below:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2015	1,425,000	\$ 0.20
Expired	(1,275,000)	0.20
Balance, December 31, 2016	150,000	0.20
Expired	(150,000)	0.20
Balance, December 31, 2017	-	\$ -

12. Related party transactions and balances

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's President, Vice-president, and Secretary-Treasurer and members of the Company's Board of Directors.

Compensation awarded to key management personnel is as follows:

The Company paid \$109,300 for the year ended December 31, 2017 (year ended December 31, 2016 - \$10,800) to a company owned by the former Chief Executive Officer and director of the Company for executive management services. As of December 31, 2017, there was a balance of \$nil in accrued liabilities (December 31, 2016 - \$2,700).

The Company expensed \$95,235 (year ended December 31, 2016 - \$82,440) for exploration and management services and \$2,611 (year ended December 2016 - \$nil) for government fees and claim renewal to a company owned by the Vice-President of the Company and charged this company \$nil for the year ended December 31, 2017 (year ended December 31, 2016 - \$34,100) as rental fee for the use of the Company's exploration equipment. As at December 31, 2017, \$15,083 (December 31, 2016 - \$35,674) is payable to this company and is included in accounts payable and accrued liabilities.

The Company paid fees for general legal services provided in connection with the supervision and monitoring of contractual and regulatory compliance, risk management and internal financial controls associated with the Company's road upgrade at the Red Mountain property of \$nil for the year ended December 31, 2017 (year ended December 31, 2016 - \$11,462). A former director of the Company is also a partner in the firm that provided those legal services. As at December 31, 2017, \$nil (December 31, 2016 - \$nil) was outstanding in accounts payable and accrued liabilities to the firm. In addition, the Company rented its office premises at a cost of \$1,000 per month from a management company in which a former director is a significant shareholder. Rent and general administration expenses of \$10,000 were paid to this management company during the year ended December 31, 2017 (year ended December 31, 2016 - \$12,000).

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12. Related party transactions and balances (continued)

During the year ended December 31, 2017, Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. ("DSA"), together known as the "Marrelli Group" were paid \$41,673 (year ended December 31, 2016 – \$6,989), for the following services:

- Mr. Jing Peng, senior employee of Marrelli Support, to act as CFO of the Company. Mr. Carmelo Marrelli is a director of the Company as well as the President of Marrelli Support and also controls DSA.
- Bookkeeping and office support services;
- Regulatory filing services; and
- Corporate secretarial services.

The Marrelli Group is also reimbursed for out of pocket expenses. As of December 31, 2017, the Marrelli Group was owed \$1,334 (December 31, 2016 - \$3,730). These amounts were included in accounts payable and accrued liabilities.

The Significant Shareholder also holds a Grid Promissory Note totaling \$11,771,485 (note 8) as at December 31, 2017 (December 31, 2016 - \$11,421,485). The Significant Shareholder has indicated he will not seek payment of this amount in 2018.

As a pre-condition to the issue of the permit for construction of the all-weather tote road, the Yukon Department of Energy Mines and Resources required a security deposit of \$100,000. The Significant Shareholder has arranged for an irrevocable Standby Letter of Credit of \$100,000.

13. Income taxes

(a) Rate reconciliation

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Loss before income taxes	\$ 324,162	\$ 219,962
Combined statutory income tax rate	26.5%	26.5%
Income tax benefit at the combined Canadian statutory income tax rate	(85,900)	(58,290)
Change in tax benefits not recognized	85,900	58,290
Actual income tax recovery	\$ -	\$ -

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13. Income taxes (continued)

(b) Deferred tax assets

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

	2017	2016
Non-deductible loss	\$ 1,718,640	\$ 1,529,440
Capital losses	545,560	545,560
Resource-related deductions	21,365,210	21,265,210
Site restoration	383,360	383,360
Net deferred income tax assets	\$ 24,012,770	\$ 23,723,570

(c) Non-capital loss carry forwards

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

Expiry date	Amount
2027	\$ 58,210
2028	71,730
2029	63,640
2030	94,570
2031	171,070
2032	367,930
2033	296,560
2034	146,950
2035	95,840
2036	127,970
2037	224,170
	\$ 1,718,640

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14. Capital management

The Company defines capital that it manages as its shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration and development of resource assets. 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 considers its capital to be total shareholders' deficiency, comprising common shares, contributed surplus and deficit which at December 31, 2017, totalled \$12,133,500 (December 31, 2016 - deficiency of \$11,809,338).

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing and debt advances from its Significant Shareholder to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it is of the view that there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

Management is of the opinion that, subject to continuing to be able to raise equity and debt financing in the future, the Company will be able to maintain the status of its current exploration obligations and to keep its properties in good standing.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2017, the Company was compliant with known requirements other than Policy 2.5 of the TSX Venture Exchange. The Company continues to evaluate various options in order to meet the capital requirement imposed by Policy 2.5 of TSX Venture Exchange. There can be no assurance that the Company's financing activities will be successful or sufficient.

15. Segment reporting

The Company operates in one operating segment in the evaluation, acquisition and exploration of gold and base mineral properties in Canada.

16. Prior year comparatives

Certain prior year comparatives have been reclassified to conform to the current year presentation.