Copper Creek Gold Corp.

Consolidated Financial Statements
For the years ended 31 December 2017 and 2016
(Expressed in Canadian dollars)

JAMES STAFFORD

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Copper Creek Gold Corp.

We have audited the accompanying consolidated financial statements of Copper Creek Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity (deficiency) for the year 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 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper Creek Gold Corp. and its subsidiary as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1.1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Copper Creek Gold Corp. to continue as a going concern.

Other Matter

The consolidated financial statements of Copper Creek Gold Crop. for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements in their report dated 1 May 2017.

Chartered Professional Accountants

Vancouver, Canada
30 April 2018

Copper Creek Gold Corp.

Consolidated Statements of Financial Position
31 December 2017 and 2016
(Expressed in Canadian dollars)

	Notes	2017	2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,703,968**	82,519
Marketable securities	6	**-**	1
Amounts receivable	7	**3,765**	25,691
Prepaid expenses		**3,000**	-
		1,710,733	108,211
Non-current assets			
Equipment	8	**-**	2,501
Exploration and evaluation properties	9	**42,200**	1
Total assets		**1,752,933**	110,713
EQUITY (DEFICIENCY) AND LIABILITIES			
Current liabilities			
Trade and other payables	10	**227,534**	228,644
Due to related parties	11	**198,214**	64,235
		425,748	292,879
Equity			
Share capital	12	**15,199,776**	13,434,776
Contributed surplus	12	**1,246,683**	1,193,691
Deficit		**(15,119,274)**	(14,810,633)
Total equity (deficiency)		**1,327,185**	(182,166)
Total equity (deficiency) and liabilities		**1,752,933**	110,713

Nature of operations and going concern (Note 1), **Commitments and contingencies** (Note 19) and **Subsequent events** (Note 20)

APPROVED BY THE BOARD:

"Tim Fernback" *"Gordon Jung"*

Tim Fernback Gordon Jung

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

Copper Creek Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended 31 December 2017 and 2016
(Expressed in Canadian dollars)

	Notes	2017	2016
		$	$
Administration expenses			
Accounting and audit fees		**24,488**	16,000
Amortization	8	**156**	846
Consulting	11	**73,626**	6,698
Legal		**34,428**	15,466
Management fees	11	**51,000**	192,000
Marketing and communications		**-**	540
Office expenses	11	**3,657**	39,687
Rent	11	**27,814**	57,000
Service charges		**116**	-
Share-based payments	11, 12	**52,992**	-
Telephone	11	**820**	10,592
Transfer agent and regulatory fees		**39,802**	35,876
Travel, lodging and food		**12,546**	61,880
Loss before other items		**(321,445)**	(436,585)
Other income (expense)			
Foreign exchange gain (loss)		**67**	(4,660)
Interest income (expense)		**(17,656)**	43
Write-off of advances to subsidiary		**-**	(1,328)
Write-down of exploration and evaluation properties	9	**(1)**	(180,206)
Write-off of reclamation bond	19	**-**	(1,000)
Forgiveness of debt	10	**46,201**	133,980
Write-off of unpaid payables		**-**	30,000
Write-off of equipment	8	**(2,345)**	-
Write-off of marketable securities	6	**(1)**	-
Due diligence costs		**(13,461)**	-
Net loss and comprehensive loss for the year		**(308,641)**	(459,756)
Loss per share			
Basic and diluted	13	**(0.04)**	(0.08)

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

Copper Creek Gold Corp.

Consolidated Statements of Cash Flows
For the years ended 31 December 2017 and 2016
(Expressed in Canadian dollars)

	Notes	2017	2016
		$	$
OPERATING ACTIVITIES			
Loss for the year		**(308,641)**	(459,756)
Adjustment for:			
Amortization of property and equipment	8	**156**	846
Interest income		**(466)**	-
Share-based payments	12	**52,992**	-
Forgiveness of debt	10	**(46,201)**	-
Write down of exploration and evaluation properties	9	**1**	180,206
Write-off of unpaid payables		**-**	(30,000)
Write-off of reclamation bond	19	**-**	1,000
Write-off of advances to subsidiary		**-**	1,328
Write-off of equipment	8	**2,345**	-
Write-off of marketable securities	6	**1**	-
Changes in operating working capital:			
Decrease (increase) in amounts receivable		**22,392**	(9,322)
Decrease (increase) in prepaid expenses		**(3,000)**	20,025
Increase (decrease) in trade and other payables		**45,091**	15,266
Increase (decrease) in due to related parties		**133,979**	(230,460)
Cash used in operating activities		**(101,351)**	(510,867)
INVESTING ACTIVITIES			
Exploration and evaluation properties expenditures	9	**(27,200)**	-
Cash from in investing activities		**(27,200)**	-
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	12	**1,750,000**	515,065
Finder’s fees		**-**	(3,744)
Cash from financing activities		**1,750,000**	511,321
Increase (decrease) in cash and cash equivalents		**1,621,449**	454
Cash and cash equivalents, beginning of year		**82,519**	82,065
Cash and cash equivalents, end of year		**1,703,968**	82,519

Supplemental cash flow information (Note 14)

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

Copper Creek Gold Corp.

Consolidated Statements of Changes in Equity (Deficiency)

For the years ended 31 December 2017 and 2016

(Expressed in Canadian dollars)

	Number of common shares	Common shares	Subscriptions received in advance	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balances, 1 January 2016	4,751,009	12,855,160	68,295	1,193,691	(14,350,877)	(233,731)
Shares issued for						
Cash	1,944,533	583,360	(68,295)	-	-	515,065
Finder's fees		(3,744)	-	-	-	(3,744)
Net loss for the period	-	-	-	-	(459,756)	(459,756)
Balances, 31 December 2016	**6,695,542**	**13,434,776**	**-**	**1,193,691**	**(14,810,633)**	**(182,166)**
Shares issued for						
Cash	21,875,000	1,750,000	-	-	-	1,750,000
Finder's fees	2,187,500	175,000	-	-	-	175,000
Mineral properties	100,000	15,000	-	-	-	15,000
Share-based payments	-	-	-	52,992	-	52,992
Share issue costs	-	(175,000)	-	-	-	(175,000)
Net loss for the period	-	-	-	-	(308,641)	(308,641)
Balances, 31 December 2017	**30,858,042**	**15,199,776**	**-**	**1,246,683**	**(15,119,274)**	**1,327,185**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Copper Creek Gold Corp. (the "Company") was incorporated under the Company Act (British Columbia) on 19 June 1987 and continued to the jurisdiction of the Canada Business Corporation Act on 13 August 1997. The Company trades on the TSX Venture Exchange under symbol CPV. The Company is engaged in acquisition and exploration of resource property interests.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On 11 December 2017, the Company completed a share consolidation on a one (1) post-consolidation share for five (5) pre-consolidation share basis. The Company's number of outstanding options and warrants and the accompanying exercise prices were on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these consolidated financial statements have been adjusted to include the effect of this share consolidation.

1.1 Going concern

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

The Company had a loss and comprehensive loss of $308,641 for the year ended 31 December 2017 (2016: $459,756). As the Company has not yet achieved profitable operations, the Company has, since inception, accumulated a deficit to 31 December 2017 of $15,119,274 (2016: $14,810,633) and management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital.

As at 31 December 2017, the Company had $1,703,968 (2016: $82,519) in cash and cash equivalents.

The Company does not currently have revenue-generating properties.

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The recoverability of carrying amounts for exploration and evaluation property interests and related deferred exploration and development costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying exploration and evaluation properties, the ability of the Company to obtain necessary financing to complete exploration and development, and achievement of future profitable production or proceeds from disposition.

These consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded assets amounts, classification of certain liabilities and changes to the statement of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as follows:

			Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	31 December 2017	31 December 2016
Minera Arroyo Cobra	Mineral Property Exploration	Mexico	98%*	98%*

*A current officer and a former officer of the Company own 1% each of Minera Arroyo Cobra

As of 31 December 2017 and 2016, the Company's Mexican subsidiary was inactive.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is obtained to the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

2.3 Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value (Note 15).

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, except where otherwise indicated and all values are rounded to the nearest dollar.

2.4 Statement of compliance

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policy

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRIC interpretations which are effective for the Company's financial year beginning on 1 January 2017. For the purpose of preparing and presenting the consolidated financial statements, the Company has consistently adopted all these new standards for the year ended 31 December 2017.

IAS 7 Statement of Cash Flows

The amendments, published on 29 January 2016, are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The effective date for IAS 7 is for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

IAS 12 Income Taxes

The amendments are intended to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The effective date for IAS 12 is for annual periods beginning on or after 1 January 2017.

The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

3.2 Foreign currency transactions

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect on that date. At the year-end date, non-monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in statement of loss and comprehensive loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently retranslated.

3.3 Cash and Cash Equivalents

Cash and cash equivalents includes cash and short-term money market instruments that are readily convertible to cash with original terms of three months or less.

3.4 Restricted cash

The Company, from time to time, issues flow-through shares and renounces qualified exploration expenditures to transfer the tax deductibility of qualifying resource expenditures to investors. Amounts renounced but not yet expended form the basis for the restricted cash.

3.5 Exploration and evaluation properties

Following the acquisition of a legal right to explore a property, all direct costs related to the acquisition of the property are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests based on the trading price of the shares.

On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration work that is warranted in the future. Indication of impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

i) The Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
ii) Exploration results are not promising and no more work is being planned in the foreseeable future; or
iii) The remaining lease terms are insufficient to conduct necessary studies or exploration work.

If there is an indication of impairment, the recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use, of the asset is determined. When the carrying value of the property exceeds its recoverable amount the asset is written down accordingly. As a result, an impairment loss is recognized in the statement of loss and comprehensive loss.

The Company may occasionally enter into property option agreements, whereby the Company will transfer part of a mineral interest, as consideration for the incurring of certain exploration and evaluation expenditures by the optionee which would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the property, with any excess cash accounted for as recovery of exploration and evaluation properties.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the statement of comprehensive loss for the period.

3.6 Impairment of long-lived assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss..

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Gains and losses on disposal of property or equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized on a net basis within other income in the statement of loss and comprehensive loss.

Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Office Furniture and equipment	20%	declining balance method
Computer equipment	30%	declining balance method

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.8 Financial instruments

Financial assets

All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as at fair value through profit or loss, available for sale, held to maturity, loans and receivables, or financial liabilities measured at amortized cost. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of financial instruments at initial recognition. Transactions to purchase or sell financial assets are recorded on the settlement date.

Fair value through profit or loss

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in the statement of loss and comprehensive loss.. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents and marketable securities are included in this category of financial assets.

Loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in the statement of loss and comprehensive loss. when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are classified as loans and receivables.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in the statement of loss and comprehensive loss..

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of loss and comprehensive loss..

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in the statement of loss and comprehensive loss..

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables and due to related parties are included in this category of financial liabilities.

Derecognition of financial instruments

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or when the Company transfers the rights to receive the cash flows from the assets in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable that had been recognized directly in equity is recognized in the statement of loss and comprehensive loss.. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes financial liabilities when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of loss and comprehensive loss..

3.9 Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The amortization or 'unwinding' of the discount applied in establishing the present value of decommissioning, restoration and similar liabilities is charged to the statement of loss and comprehensive loss as finance expense in each accounting period.

3.10 Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the statement of loss and comprehensive loss except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recognized on loss carry-forwards and tax credits, and on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that profits will be available against which those deductible temporary differences can be utilizes. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer 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 law that have been enacted or substantively enacted by the end of the reporting period. 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.

3.11 Share capital

Equity instruments are contracts that evidences a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recorded in equity as a deduction.

3.12 Flow-through shares

The Company, from time to time, issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a premium reversal recorded in other income or a reduction to deferred tax expense. The Company also recognizes a deferred tax liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures, within the prescribed period. The portion of proceeds received but not yet expended at the end of the period is disclosed separately within restricted cash.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada income tax regulations. When applicable, this tax is accrued as an other expense until paid.

3.13 Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3.14 Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non- vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

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

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3.15 Standards, amendments and interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Company.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. The Company is evaluating the impact of these standards. Certain other new standards, amendments, and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 2 Share-based payment

IFRS 2, Share-based payment, issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a "net settlement" for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effective date for IFRS 2 is for annual periods beginning on or after 1 January 2018.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 clarifies the definition for continuing involvement in a transferred financial asset. The amendments are effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is 1 January 2018.

IAS 28 Investments in associates and joint ventures

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The effective date for IAS 28 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies when an entity recognizes a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The effective date for IFRIC 22 is for annual periods beginning on or after 1 January 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is an interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 ‘Income Taxes’ when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after 1 January 2019.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in IAS 17. IFRS 16, is effective for periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.
Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the year when new information becomes available.

Determining whether to test for impairment of exploration and evaluation properties requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 31 December 2017 and 2016. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measure at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regards to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3.14. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realized the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies:

As at December	2017	2016
	$	$
Denominated in Canadian dollars	1,703,903	82,519
Denominated in U.S. dollars	65	-
Total cash and cash equivalents	**1,703,968**	82,519

6. MARKETABLE SECURITIES

The Company's marketable securities, which are classified as fair value through income or loss have been valued at their market prices.

	2017		2016	
As at December	Cost	Market	Cost	Market
	$	$	$	$
Marketable securities	-	-	296,457	1
Total	**-**	**-**	296,457	1

7. AMOUNTS RECEIVABLE

The Company qualifies for the Goods and Sales Tax (GST) input tax credits in the amount of $3,765 (2016: $24,183), which may change pursuant to an audit by the taxation authorities.

8. EQUIPMENT

The changes in the Company's property and equipment for the year ended 31 December 2017 and 2016 are as follows:

	Office furniture & equipment	Computer equipment	Total
	$	$	$
COST			
As at 31 December 2015	39,208	54,240	93,448
As at 31 December 2016	39,208	54,240	93,448
Disposal	(39,208)	(54,240)	(93,448)
As at 31 December 2017	**-**	**-**	**-**
AMORTIZATION			
As at 31 December 2015	37,627	52,474	90,101
Amortization	316	530	846
As at 31 December 2016	37,943	53,004	90,947
Amortization	63	93	156
Disposal	(38,006)	(53,097)	(91,103)
As at 31 December 2017	**-**	**-**	**-**
NET BOOK VALUE			
As at 31 December 2016	1,265	1,236	2,501
As at 31 December 2017	**-**	**-**	**-**

During the year ended 31 December 2017, the Company determined that its office furniture and equipment, and computer equipment, were obsolete and recognized a write-off of equipment of the remaining carrying value of $2,345 (2016: $Nil) (Note 14).

9. EXPLORATION AND EVALUATION PROPERTIES

Title to exploration and evaluation properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing and historical characteristics of many exploration and evaluation properties. The Company has investigated title to all of its exploration and evaluation properties and, to the best of its knowledge, titles to all of its properties are in good standing.

Exploration and evaluation properties includes the following amounts for the year ended 31 December 2017:

	Eastfield Resources	**Bakken Oil and Gas Leases**	**Total**
	$	**$**	**$**
ACQUISITION COSTS			
Balance, 1 January 2017	-	1	**1**
Additions	35,000	-	**35,000**
Write-down	-	(1)	**(1)**
Balance, 31 December 2017	35,000	-	**35,000**
EXPLORATION AND EVALUATION COSTS			
Balance, 1 January 2017	-	-	**-**
Consulting	7,200	-	**7,200**
Balance, 31 December 2017	7,200	-	**7,200**
Total costs	**42,200**	**-**	**42,200**

Exploration and evaluation properties includes the following amounts for the year ended 31 December 2016:

	Blackwater Properties	Bonsai	Santa Lucia	Bakken Oil and Gas Leases	Total
	$	$	$	$	$
COSTS					
Balance, 1 January 2016	180,197	-	-	10	180,207
Impairment write-down of exploration properties	(180,197)	-	-	(9)	(180,206)
Balance, 31 December 2016	-	-	-	1	1

Bakken Oil & Gas Leases in Canada and Certain Working Interest in the USA

On 20 July 2009, the Company acquired a 1% Gross Overriding Royalty to approximately 1100 acres (445 hectares consisting of 8 leases) in the Province of Saskatchewan, Canada and a 17.5% working interest in two producing gas wells: Bennet 1 and Bennet 2, located in Lavaca County, State of Texas, USA.; for $10 and other considerations payable to the vendor, Lions Petroleum Inc. (Note 19).

During the year ended 31 December 2017, the property was written down to $Nil (2016: $1).

Eastfield:

On 14 November 2017, the Company has entered into a property option agreement to acquire the right to earn an undivided sixty percent (60%) interest in certain mineral claims located approximately 80 km northeast of the town of Quesnel, BC and 20 km north of the historic gold mining towns of Wells and Barkerville. Finder's fees of 100,000 common shares valued at $15,000 were paid in connection with this agreement (Notes 12 and 14).

In order to earn the 60% interest in the mineral claims, the Company is required to make payments, issue shares and incur expenditures as follows (Note 19):

	Cash Payment	Value of Share issuances	Expenditures
	$	$	$
Upon signing (paid)	20,000	-	-
On 14 November 2018	20,000	-	100,000
On 14 November 2019	30,000	-	300,000
On 14 November 2020	55,000	-	500,000
On 14 November 2021	100,000	50,000[(1)]	600,000
On 14 November 2022	125,000	100,000[(1)]	1,000,000
	$350,000	**$150,000**	**$2,500,000**

(1) The Company has the option to pay these amounts in cash instead.

10. TRADE AND OTHER PAYABLES

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative activities. These are broken down as follows:

As at 31 December	**2017**	2016
	$	$
Trade payables	**173,936**	151,692
Accrued liabilities	**53,598**	76,952
Total trade and other payables	**227,534**	228,644

During the year ended 31 December 2017, the Company settled certain payables resulting in a forgiveness of debt of $46,201 (2016: 133,980).

11. RELATED PARTY TRANSACTIONS

For the year ended 31 December 2017, the Company had transactions with the following companies related by way of directors, officers or shareholders in common:

- TCF Ventures Corp., a company controlled by a director of the Company.
- Mumbo Management Inc., a company controlled by the former Chief Financial Officer ("CFO") of the Company.
- Agadez Investments Inc., a company controlled by a director of the Company.

11.1 Key management personnel compensation

The remuneration of directors and other members of key management for the years ended 31 December 2017 and 2016 as follows:

Year ended 31 December	**2017**	2016
	$	$
Short-term benefits – consulting and management fees	**104,400**	192,000
Share-based payments	**32,211**	-
Total related party expenses	**136,611**	192,000

11.2 Related party transactions are summarized as follows:

Related party transactions for the year ended 31 December 2017 is summarized as follows:

	2017
	$
Chief Executive Officer	**51,000**
CFO	**3,500**
Corporate Secretary	**6,000**
Company controlled by former CFO	**37,900**
Directors	**6,000**
	104,400

Related party transactions for the year ended 31 December 2016 is summarized as follows:

	2016
	$
Management fees	192,000
Office rent	57,000
Office and miscellaneous	30,000
Telephone charges	4,140
	283,140

11.3 Due from/to related parties:

The assets and liabilities of the Company include the following amounts due to related parties:

As at 31 December	2017	2016
	$	$
CEO	**51,815**	-
CFO	**3,675**	-
Corporate Secretary	**6,300**	-
Former CFO	**19,648**	-
Company controlled by former CFO	**36,750**	-
TCF Ventures Corp.	**6,300**	-
Agadez Investments Inc.	**13,150**	-
Former director and Vice President	**60,576**	64,235
Total amount due to related parties	**198,214**	64,235

These amounts are unsecured, interest-free and payable on demand.

12. SHARE CAPITAL

12.1 Authorized share capital

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As at 31 December 2017, the Company had 30,858,042 common shares issued and outstanding (2016: 6,695,542).

On 11 December 2017 the Company completed a share consolidation on a one (1) post-consolidation share for five (5) pre-consolidation share basis. The Company's number of outstanding options and warrants and the accompanying exercise prices were on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these consolidated financial statements have been adjusted to include the effect of this share consolidation.

12.2 Share issuance

a) Private Placements

- On 22 December 2017, the Company issued 21,875,000 units at $0.08 per unit for cash proceeds of $1,750,000. Each unit is comprised of one common share and one share purchase warrant. The Company paid finder's fees of 2,187,500 common shares and 1,093,750 share purchase warrants (Note 14). Each share purchase warrant entitles the holder to purchase to purchase one additional common share at $0.08 per share during the two years following the date of closing.

- On 27 October 2016, the Company, by way of a non-brokered private placement, raised $212,220 through the issuance of 707,400 units at a price of $0.30 per unit. Each unit consists of one common share and one transferable share purchase warrant which entitles the holder to purchase one additional common share in the capital of the Company on or before 27 April 2018 at a purchase price of $0.50 per share. If, prior to the expiry date of the warrants, and once the warrants are free from the statutory resale restrictions (4 months plus one day ending 28 February 2017), the closing price of the common shares of the Company on the TSX Venture Exchange equals or exceeds $0.75 for a period of not less than 10 consecutive trading days, the period during which the warrants may be exercised will be reduced (the "Forced Exercise Provision"). In such event, the warrants will expire on the date which is the 31st day after the date on which the Company issues a press release announcing that the Forced Exercise Provision has been triggered. Such press release will set out, among other things, that the Forced Exercise Provision has been triggered, the 10 consecutive trading days for which the closing price of the common shares of the Company was equal to or exceeded $0.75, and the new expiry date of the warrants. The Company paid cash finder's fees of $3,744.

- On 3 June 2016, the Company, by way of a non-brokered private placement, raised $134,640 through the issuance of 448,800 units at a price of $0.30 per unit. Each unit consists of one common share and one transferable share purchase warrant which entitles the holder to purchase one additional common share in the capital of the Company on or before 3 December 2017 at a purchase price of $0.50 per share. If, prior to the expiry date of the warrants, and once the warrants are free from the statutory resale restrictions (4 months plus one day ending 4 October 2016), the closing price of the common shares of the Company on the TSX Venture Exchange equals or exceeds $0.75 for a period of not less than 10 consecutive trading days, the period during which the warrants may be exercised will be reduced (the "Forced Exercise Provision"). In such event, the warrants will expire on the date which is the 31st day after the date on which the Company issues a press release announcing that the Forced Exercise Provision has been triggered. Such press release will set out, among other things, that the Forced Exercise Provision has been triggered, the 10 consecutive trading days for which the closing price of the common shares of the Company was equal to or exceeded $0.75, and the new expiry date of the warrants. No finders' fees were paid.

- On 2 May 2016, the Company, by way of a non-brokered private placement, raised $85,000 through the issuance of 283,333 units at a price of $0.30 per unit. Each unit consists of one common share and one transferable share purchase warrant which entitles the holder to purchase one additional common share in the capital of the Company on or before 2 November 2017 at a purchase price of $0.50 per share. If, prior to the expiry date of the warrants, and once the warrants are free from the statutory resale restrictions (4 months plus one day ending 3 September 2016), the closing price of the common shares of the Company on the TSX Venture Exchange equals or exceeds $0.75 for a period of not less than 10 consecutive trading days, the period during which the warrants may be exercised will be reduced (the "Forced Exercise Provision"). In such event, the warrants will expire on the date which is the 31st day after the date on which the Company issues a press release announcing that the Forced Exercise Provision has been triggered. Such press release will set out, among other things, that the Forced Exercise Provision has been triggered, the 10 consecutive trading days for which the closing price of the common shares of the Company was equal to or exceeded $0.75, and the new expiry date of the warrants. No finders' fees were paid.

- On 15 February 2016, the Company, by way of a non-brokered private placement, raised $151,500 through the issuance of 505,000 units at a price of $0.30 per unit. Each unit consists of one common share and one transferable share purchase warrant which entitles the holder to purchase one additional common share in the capital of the Company on or before 15 August 2017 at a purchase price of $0.50 per share. If, prior to the expiry date of the warrants, and once the warrants are free from the statutory resale restrictions (4 months plus one day ending 16 June 2016), the closing price of the common shares of the Company on the TSX Venture Exchange equals or exceeds $0.75 for a period of not less than 10 consecutive trading days, the period during which the warrants may be exercised will be reduced (the "Forced Exercise Provision"). In such event, the warrants will expire on the date which is the 31st day after the date on which the Company issues a press release announcing that the Forced Exercise Provision has been triggered. Such press release will set out, among other things, that the Forced Exercise Provision has been triggered, the 10 consecutive trading days for which the closing price of the common shares of the Company was equal to or exceeded $0.75, and the new expiry date of the warrants. No finders' fees were paid.

b) Exploration and Evaluation Property Acquisition

- On 27 December 2017, the Company issued 100,000 common shares valued at $15,000 for finder's fees in relation to the Eastfield Property (Notes 9 and 14).

12.3 Stock Option

The Company's incentive stock option plan allows for the grant of options to employees, consultants, officers and directors providing the number of shares that may be purchased under the option plan and all previously granted options, does not exceed 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares (subject to a minimum of $0.05) and the maximum term of the options is ten years.

The following is a summary of the changes in the Company's stock option activities for the years ended 31 December 2017 and 2016:

	31 December 2017		31 December 2016	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
		$		$
Outstanding, beginning of period	**-**	**-**	34,900	5.00
Granted	**765,000**	**0.07**	-	-
Expired / Cancelled	**-**	**-**	(34,900)	5.00
Outstanding, end of period	**765,000**	**0.07**	-	-

The following table summarizes information regarding stock options outstanding and exercisable as at 31 December 2017:

Exercise price	**Number of options outstanding**	**Number of options exercisable**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
Options				
$0.07	765,000	765,000	4.95	0.07
Total	**765,000**	**765,000**	**4.95**	**0.07**

The weighted average fair value of the options granted during the year ended 31 December 2017 was estimated at $0.07 per option (2016: $Nil) at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	31 December 2017	31 December 2016
Risk free interest rate	0.54%	-
Expected life	5 years	-
Expected volatility	228.79%	-
Expected forfeitures	-	-
Expected dividend per share	**-**	-

12.4 Share-based payments

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $52,992 was recognized in the year ended 31 December 2017 (2016: $Nil):

Grant date of stock options	Fair value of options granted	**Amount vested for year ended 31 December 2017**	Amount vested for period ended 31 December 2016
	$	**$**	$
11 December 2017	52,992	**52,992**	-
Total		**52,992**	-

12.5 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 December 2017 and 2016:

	31 December 2017		31 December 2016	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
		$		$
Outstanding, beginning of year	**2,989,200**	**0.50**	2,372,873	0.50
Granted	**22,968,750**	**0.08**	1,944,533	0.50
Expired	**(2,281,800)**	**0.50**	(1,328,206)	0.50
Outstanding, end of year	**23,676,150**	**0.09**	2,989,200	0.50

During the year ended 31 December 2017, in conjunction with the private placements, the Company issued a total of 22,968,750 (2016: 1,944,533) share purchase warrants.

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at 31 December 2017:

Exercise price	**Number of warrants outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
Share purchase warrants			
$0.08	22,968,750	1.98	$0.08
$0.50	707,400	0.32	$0.50
Total	**23,676,150**	**1.93**	**$0.09**

13. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	2017	2016
Net loss for the year	**$ (308,641)**	$ (459,756)
Weighted average number of shares – basic and diluted	**7,356,158**	5,773,124
Loss per share, basic and diluted	**$ (0.04)**	$ (0.08)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants were anti-dilutive for the years ended 31 December 2017 and 2016.

14. SUPPLEMENTAL CASH FLOW INFORMATION

The Company made the following cash payments for interest and income taxes:

Year ended 31 December	**2017** **$**	2016 $
Interest paid	**17,656**	-
Taxes paid	**-**	-
Total cash payments	**17,656**	-

During the years ended 31 December 2017 and 2016, the Company had the following non-cash investing and financing activities:

a) The Company paid finder's fees of $175,000 (2016: $Nil) on private placements by issuance of shares and share purchase warrants (Note 12).

b) The Company made certain payments for finder's fees of $15,000 (2016: $Nil) with respect to exploration and evaluation properties by issuance of shares (Notes 9 and 12).

c) The Company recognized a write-off of equipment of the remaining carrying value of $2,345 (2016: $Nil) (Note 8).

d) The Company recognized a write-off of exploration and evaluation properties of $1 (2016: $180,206) (Note 9).

e) The Company recognized a write-off of marketable securities of the remaining carrying value of $1 (2016: $Nil) (Note 6).

15. FINANCIAL INSTRUMENTS

15.1 Categories of financial instruments

	31 December 2017	31 December 2016
	$	$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash and cash equivalents	**1,703,968**	82,519
Marketable securities	**-**	1
Amounts receivable	**-**	1,508
Total financial assets	**1,703,968**	84,028
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	**173,936**	151,692
Due to related parties	**198,214**	64,235
Total financial liabilities	**372,150**	215,927

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

15.2 General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

15.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and currency risk.

15.4 Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions.

15.5 Currency Risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company’s operations.

15.6 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's credit risk is also attributable to its receivables. The amounts disclosed in the statement of financial position are net of allowances for bad debts, estimated by the Company's management based on prior experience their assessment of the current economic environment and the financial condition of the Company’s debtors.

15.7 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash and restricted cash balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at 31 December 2017, the Company had a cash balance of $1,703,968 (2016: $82,519) and gross receivables of $3,765 (2016: $25,691) to settle current liabilities due in twelve months or less of $425,748 (2016: $292,879) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments and liquidation of its marketable securities, either partial or in full, to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

15.8 Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash and cash equivalents, receivables, marketable securities, trade and other payables and amounts due to related parties approximate fair value due to their short-term nature and the fair value of long-term receivable is approximated by applying the effective interest method. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

16. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain an appropriate capital base in order to:

1. advance the Company's corporate strategies to create long-term value for its stakeholders;
2. sustain the Company's operations and growth throughout metals and materials cycles; and
3. ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely watches its cash balance. The balance of cash as at 31 December 2017 was $1,703,968 (2016: $82,519). The Company does not currently have significant debt outstanding and there are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company’s approach to capital management during the year ended 31 December 2017.

17. SEGMENTED INFORMATION

The Company operates in a single industry segment being the mining business in Canada. All mineral properties are situated in Canada.

18. INCOME TAXES

The provision for income taxes in the statement of loss and comprehensive represents an effective rate different than would be computed by applying the combined Canadian statutory federal and provincial income tax rates to the loss before income taxes due to the following:

As at December 31,	**2017** **($)**	2016 ($)
Net loss for the year	**308,641**	459,756
Canadian federal and provincial income tax rates	**26.00%**	26.00%
Expected income tax recovery	**80,247**	119,536
Permanent differences	**(22,292)**	(49,570)
Change in prior year provision to actual	**13,468**	-
Change in enacted tax rates	**-**	-
Change in valuation allowance	**(71,423)**	(69,966)
Total income tax recovery	-	-

The tax effect of temporary differences that gives rise to the Company's net future income tax assets is as follows:

As at December 31,	**2017** **($)**	2016 ($)
Deferred tax assets		
Non-capital loss carry forward	**1,121,599**	1,027,000
Net capital loss	**3,105**	-
Mineral properties, tax value in excess of carrying value	**677,029**	687,000
Cumulative Eligible Capital	**56**	-
Share issue costs	**634**	-
Property, plant and equipment	**-**	17,000
Total deferred tax assets	**1,802,423**	1,731,000
Less: Unrecognized deferred tax assets	**(1,802,423)**	(1,731,000)
Net deferred tax assets	**-**	-

At 31 December 2017, the Company had capital losses in Canada totaling $23,888 that may be carried forward indefinitely, cumulative exploration and development expenses of $2,646,157, and a non-capital loss carry forward of $4,313,841 available for tax purposes in Canada which expires as follows:

Tax Operating Losses	Year of Expiry
255,116	2026
395,687	2027
285,499	2028
278,356	2029
488,061	2030
629,881	2031
471,642	2032
360,178	2033
67,250	2034
442,165	2035
333,769	2036
306,237	2037
$4,313,841	**Total non-capital losses**

19. COMMITMENTS AND CONTINGENCIES

a) The Company has owned and/or operated interests in oil and gas properties in the past. The Company remains liable for certain remediation and maintenance costs even if such properties have been sold and/or had been written-off by the Company.

In addition, pursuant to a Receivership Order granted to the Alberta Energy Regulator (AER), a receiver has been appointed over all the properties of Lexin Resources Ltd. (Lexin) for failure to comply with a litany of orders to properly care for its wells and facilities. The Company, which has a minority working interest, has been named in the environmental protection order. The Company wrote off its working interest in this oil and gas property in 2009.

It is the Company's position that the liability, if any, related to its past oil and gas activities and properties cannot be reasonably determined at this time. As a result, no provision related to this liability has been recorded in these financial statements.

b) The Company has the following commitments relating to its operating lease:

	< 1 year	2-5 years	> 5 years	Total
	$	$	$	$
Rent	38,994	19,497	-	58,491

c) The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may become payable as a result of the Company not making eligible expenditures.

d) The Company's exploration activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

e) The Company has certain commitments to make payments or issue common shares related to various exploration and evaluation property agreements (Note 9).

f) As at 31 December 2017, the Company owns various exploration and evaluation properties (Note 9). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

g) During the period ended 31 December 2017, the Company did not obtain a director's and officer's insurance policy. The Company currently self-insures and has established no reserves for insurance-related contingencies. Rather, the Company assesses each contingency, if any, as it arises to determine estimates of the degree of probability and range of possible settlement. Those contingencies which are deemed to be probable and where the amount of such settlement is reasonably estimable, are then accrued in the Company's financial statements. If only a range of loss can be determined, the best estimate within that range is accrued.
The assessment of contingencies is a highly subjective process that requires judgement regarding future events. Insurance contingencies are reviewed at least annually to determine the adequacy of the accruals and whether related financial statement disclosure is required. The ultimate settlement of insurance contingencies may differ materially from amounts accrued in the financial statements.

h) During the year ended 31 December 2016, the Company wrote off reclamation bond of $1,000, which was provided as security bond to the Province of British Columbia as security against future reclamation required on the Company's mineral properties once abandoned.

The Company is responsible for the reclamation of certain mineral claims and mining leases to the satisfaction of government authorities. The amount of the reclamation liability at this date is not determinable. Failing to comply with their responsibilities for the required reclamation would result in the regulatory authorities seizing the Company's security bond in order to perform the necessary work.

20. SUBSEQUENT EVENTS

a) Subsequent to the year ended 31 December 2017, the Company issued 300,000 common shares related to the exercise of 300,000 stock options at an exercise price of $0.07 per share.

b) Subsequent to the year ended 31 December 2017, the Company issued 62,500 common shares related to the exercise of 62,500 warrants at an exercise price of $0.08 per share.

c) On 10 January 2018, the Company granted 2,350,000 stock options to directors, officers and consultants with an exercise price of $0.14 per share.

d) On 14 February 2018, the Company issued 2,189,588 common shares and 1,206,957 share purchase warrants related to the settlement of outstanding debt valued at $175,167.

e) On 23 April 2018, the Company announced its intent to change its name to Surge Exploration Inc. The effective date for the Company's name change is 1 May 2018.

f) On 23 April 2018, the Company announced its intent for a forward 2:1 share split where the Company's outstanding common shares are split on a basis of two (2) new shares for every one (1) old share. All outstanding stock options and share purchase warrants are adjusted on the same split ratio. The effective date for the 2:1 forward share split is 1 May 2018.

21. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended 31 December 2017 were approved and authorized for issue by the Board of Directors on 27 April 2018.