Kintavar Exploration Inc.

Financial Statements

For the years ended December 31, 2017 and 2016

April 24, 2018

Independent Auditor's Report

To the Shareholders of
Kintavar Exploration Inc.

We have audited the accompanying financial statements of Kintavar Exploration Inc., which comprise the statement of financial position as at December 31, 2017 and the statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's responsibility
Our responsibility is to express an opinion on these 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 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 auditor's 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.

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We believe that the audit evidence we have obtained in our audit 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 Kintavar Exploration Inc. as at December 31, 2017 and its financial performance and its 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 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Kintavar Exploration Inc.'s ability to continue as a going concern.

Other matter

The financial statements of Kintavar Exploration Inc. as at December 31, 2016 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 24, 2017.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A123642

Kintavar Exploration Inc.

Statements of Financial Position
(In Canadian Dollars)

	Note	As at December 31, 2017	As at December 31, 2016
		$	$
Assets			
Current assets			
Cash	6	1,095,504	1,071,784
Sales tax receivable		147,301	10,408
Tax credits and mining rights receivable		117,097	-
Prepaid expenses and others		4,757	-
Current assets		1,364,659	1,082,192
Non-current assets			
Exploration and evaluation assets	7	2,977,810	932,010
Property and equipment	8	6,364	-
Non-current assets		2,984,174	932,010
Total assets		**4,348,833**	**2,014,202**
Liabilities			
Current liabilities			
Trade and other payables		240,914	58,376
Obligations under finance leases	9	2,305	-
Liability related to the premium on flow-through shares	10	69,227	282,707
Current liabilities		312,446	341,083
Non-current liabilities			
Obligations under finance leases	9	4,508	-
Deferred taxes	18	-	239,733
Non-current liabilities		4,508	239,733
Total liabilities		**316,954**	**580,816**
Equity			
Share capital	11	7,127,210	2,398,652
Warrants	12	234,205	47,061
Broker options	13	12,448	-
Stock options		100,921	-
Contributed surplus		176	-
Deficit		(3,443,081)	(1,012,327)
Total equity		**4,031,879**	**1,433,386**
Total liabilities and equity		**4,348,833**	**2,014,202**

Going concern (note 1), subsequent events (note 20)
The accompanying notes are an integral part of these financial statements.

“Kiril Mugerman”

Kiril Mugerman, Director

“Mark Billings”

Mark Billings, Director

Kintavar Exploration Inc.

Statements of Loss and Comprehensive Loss

(Unaudited, in Canadian Dollars)

	Note	2017 $	2016 $
Operating Expenses			
Exploration and evaluation, net of tax credits	16	1,369,971	48,380
Salaries and benefits	15	120,179	-
Share-based compensation		97,097	-
Professional fees		111,074	54,241
Travel, conference and investor relations		24,983	-
Administration		21,340	2,967
Filing fees		32,048	-
Rent		6,750	-
Insurances and taxes		7,249	-
Depreciation of property and equipment	8	1,536	-
(Gain) loss on disposal of exploration and evaluation assets	7	(49,000)	50,500
Impairment of exploration and evaluation assets	7	535,893	50,000
Listing expense	5	753,340	-
Operating loss		(3,032,460)	(206,088)
Other income (expenses)			
Interest income		1,334	171
Finance costs		(1,170)	-
		164	171
Net loss before income taxes		(3,032,296)	(205,917)
Deferred income taxes recovery (expense)	18	601,542	(101,143)
Net loss and comprehensive loss		**(2,430,754)**	**(307,060)**
Basic and diluted loss per share		(0.06)	(0.03)
Weighted average number of basic and diluted outstanding shares		40,010,974	10,533,452

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

Kintavar Exploration Inc.

Statements of Changes in Equity

(In Canadian Dollars)

	Note	Number of shares outstanding	Share Capital	Warrants	Stock options	Deficit	Total equity
			$	$	$	$	$
Balance at January 1, 2016		10,247,093	1,341,110	-	55,500	(705,267)	691,343
Loss and comprehensive loss		-	-	-	-	(307,060)	(307,060)
Private placement	11	2,002,500	233,289	47,061	-	-	280,350
Flow-through private placement	11	4,452,000	801,360	-	-	-	801,360
• Less: premium		-	(282,707)	-	-	-	(282,707)
Acquisition of mining properties	7	1,996,550	250,000	-	-	-	250,000
Shares redemption	7	(1,996,550)	-	-	-	-	-
Options exercised		467,193	55,600	-	(55,500)	-	100
Balance at December 31, 2016		**17,168,786**	**2,398,652**	**47,061**	**-**	**(1,012,327)**	**1,433,386**

	Note	Number of shares outstanding	Capital stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance at January 1, 2017		17,168,786	2,398,652	47,061	-	-	-	(1,012,327)	1,433,386
Loss and comprehensive loss for the period		-	-	-	-	-	-	(2,430,754)	(2,430,754)
Acquisition of mining properties from GéoMéga Resources Inc.	5	17,857,143	2,500,000	-	-	-	-	-	2,500,000
Share issuance in connection with the amalgamation									
Issuance of Class A common shares (“Shares”) and stock options in connection with the amalgamation	5	4,125,000	577,500	-	-	4,000	-	-	581,500
Issuance of Shares as part of finder's fee	5	571,428	80,000	-	-	-	-	-	80,000
Private placements	11	8,623,496	912,391	191,393	-	-	-	-	1,103,784
Flow-through private placements	11	5,975,650	883,932	-	-	-	-	-	883,932
• Less: premium		-	(158,252)	-	-	-	-	-	(158,252)
Issuance of Shares for the acquisition of mining properties	7	85,000	13,600	2,762	-	-	-	-	16,362
Stock-based compensation		-	-	-	-	97,097	-	-	97,097
Options forfeited		-	-	-	-	(176)	176	-	-
Share issuance costs		-	(80,613)	(7,011)	12,448	-	-	-	(75,176)
Balance at December 31, 2017		**54,406,503**	**7,127,210**	**234,205**	**12,448**	**100,921**	**176**	**(3,443,081)**	**4,031,879**

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

Kintavar Exploration Inc.

Statements of Cash Flows

(In Canadian Dollars)

	Note	2017	2016
		$	$
Operating activities			
Net loss for the period		(2,430,754)	(307,060)
Adjustments for:			
Non-cash components of listing expense		570,788	-
Stock-based compensation		97,097	-
Depreciation of property and equipment		1,536	-
(Gain) loss on disposal of exploration and evaluation assets	7	(49,000)	50,500
Impairment of exploration and evaluation assets	7	535,893	50,000
Deferred income tax recovery (expense)	10	(601,542)	101,143
		(1,875,982)	(105,417)
Changes in non-cash working capital items			
Sales tax receivable		(136,893)	(3,049)
Tax credits and mining rights receivable		(117,097)	7,142
Prepaid expenses and others		(4,757)	-
Trade and other payables		182,538	49,583
		(76,209)	53,676
Cash flows used in operating activities		**(1,952,191)**	**(51,741)**
Investing activities			
Cash acquired through the amalgamation with Black Springs	5	90,712	-
Addition to investments		(300,000)	-
Disposal or maturities of investments		300,000	-
Additions of exploration and evaluation assets		(66,331)	(2,885)
Proceeds from disposal of exploration and evaluation assets		50,000	-
Cash flows from (used) in investing activities		**74,381**	**(2,885)**
Financing activities			
Private placements	11	1,103,784	280,350
Flow-through private placements	11	883,932	801,360
Options exercised		-	100
Share issuance costs		(85,099)	-
Finance costs		(1,087)	-
Reimbursement - due to a related company		-	(14,512)
Reimbursement - due to the former president		-	(148)
Cash flows from in financing activities		**1,901,530**	**1,067,150**
Net change in cash and cash equivalents		23,720	1,012,524
Cash and cash equivalents – beginning		1,071,784	59,260
Cash and cash equivalents – ending		**1,095,504**	**1,071,784**
Additional information			
Interest received		1,334	171
Acquisition of exploration and evaluation assets through issuance of shares		2,513,600	-
Acquisition of exploration and evaluation assets through issuance of warrants		2,762	-
Property and equipment acquired pursuant to capital lease obligation		7,900	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kintavar Exploration Inc. (the “Corporation”) was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation’s class A common shares (“Shares”) are listed on the TSX Venture Exchange (the “Exchange”) under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the ”Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. In 2017, the Corporation reported a net loss of $2,430,754 and has an accumulated deficit of $3,443,081 up to that date. As at December 31, 2017, the Corporation had working capital of $1,052,213 ($741,109 as at December 31, 2016).

Management estimates that the working capital will not be sufficient to meet the Corporation’s obligations and commitments and budgeted expenditures through December 31, 2018. These circumstances lend a significant doubt as to the ability of the Corporation to ensure its continuity of operations and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Financial Statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past and even considering that the Corporation is trading on the Exchange since the amalgamation, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB").

The Financial Statements were approved by the Corporation's Board of Directors on April 24, 2018.

2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for certain assets carried at fair value. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

2.3 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

2.4 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

a) Financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Effective January 1, 2017 *(see Note 3.1 a) for early adoption of IFRS 9, Financial Instruments)*

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash, investments and accounts receivable are classified within this category.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective until December 31, 2016

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

b) Financial liabilities

Effective for all periods presented

Financial liabilities measured at amortized cost
Accounts payable and accrued liabilities are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Effective January 1, 2017

Amortized cost:
The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

Effective until December 31, 2016

All financial assets are subject to review for impairment periodically. Financial assets are impaired only if there is objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:
– Significant financial difficulty of the issuer or counterparty;
– Default or delinquency in interest or principal payments; or
– It becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2.5 Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Taxes credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2.7 Exploration and evaluation expenses

Exploration and evaluation ("E&E") assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses include costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

E&E include overhead expenses directly attributable to the related activities.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied by property in reduction of the exploration properties and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will reduce the contractual disbursements when done.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of E&E of such property. However, these procedures do not guarantee the Corporation's title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

2.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. 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 benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Vehicles	3 years
Field equipment and base camp related to E&E activities	3 to 5 years

The depreciation expense for each period is recognized in the statement of loss and comprehensive loss. In the case of certain items of property and equipment related to E&E activities on a project that has not reached the phase at which the Corporation capitalizes its E&E expenses, the depreciation expense is recognized in the statement of loss and comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss.

2.9 Leases

The Corporation leases certain equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss. Low-value assets comprise IT and exploration equipment and small items of office furniture.

2.10 Impairment of non-financial assets

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.11 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker warrants relating to financing. Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2.13 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common share and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

2.14 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the statement of loss and comprehensive loss or capitalized as E&E expenses on the statement of financial position, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Broker warrants, in respect of an equity financing are recognized as share issue expense reducing the equity with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

2.15 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

2.16 Segment disclosures

The Corporation currently operates in a single segment – the acquisition, exploration and evaluation of exploration properties. All of the Corporation's activities are conducted in Canada.

3. ACCOUNTING STANDARDS ISSUED RECENTLY

The most relevant standards, amendments and interpretations issued up to the date of the issuance of these financial statements are listed below.

3.1 Accounting standards adopted in current fiscal year

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions.

3. ACCOUNTING STANDARDS ISSUED RECENTLY

a) IFRS 9, Financial Instruments, ("IFRS 9")

The Corporation has elected to early adopt the requirements of *IFRS 9, Financial Instruments* with a date of initial application of January 1, 2017. This standard replaces *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 eliminates the classification of financial instruments as "available-for-sale" and "held to maturity" and the requirement to bifurcate embedded derivatives with respect to hybrid financial assets. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting, and aligns hedge accounting more closely with risk management. This standard also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. This new standard also increases required disclosures about an entity's risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in the IAS 39 for classification and measurement of financial liabilities and for the derecognition of financial assets were carried forward in IFRS 9.

The following table summarizes the classification and measurement changes for the Corporation's financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investments	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The measurement for these instruments and the line item in which they are included in the statement of financial position were unaffected by the adoption of IFRS 9.

In accordance with the transitional provision of IFRS 9, the financial assets and liabilities held on January 1, 2017 were reclassified retrospectively without prior period restatement based on the new classification requirements taking into account the business model under which they are held at January 1, 2017 and the cash flow characteristics of the financial assets at their date of initial recognition.

No measurement adjustments were required to the opening balances as at January 1, 2017.

3. ACCOUNTING STANDARDS ISSUED RECENTLY

b) IFRS 16 *Leases*

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, *Leases* ("IAS 17"), and related interpretations. Save for short term leases and leases of low value assets, all leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 will eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the statement of loss and comprehensive loss.

The new standard is effective for annual periods beginning on or after January 1, 2019 with an early adoption permitted if IFRS 15 Revenue from contracts with customers is also applied. As the Corporation does not have any transactions in the scope of IFRS 15, management elected to early adopt IFRS 16. In accordance with the transition provision in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the standard on the date of initial application. There was no effects of initially applying the new standard on January 1st, 2017.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

JUDGMENTS

4.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E 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 amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

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 considerable 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 Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $535,893 for 2017 ($50,000 for 2016). No reversal of impairment losses has been recognized for the reporting periods.

4.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

4.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

4.4 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(In Canadian Dollars)

5. AMALGAMATION AND RELATED TRANSACTIONS

Pursuant to the terms and conditions of the Amalgamation Agreement dated January 3, 2017, between Black Springs Capital Corp. (“Black Springs”) and Groupe Ressources Géomines Inc. (“Géomines”), those two entities were amalgamated on March 24, 2017. The amalgamated entity is named Kintavar Exploration Inc.

Immediately prior to the amalgamation, Géomines acquired from GéoMéga Resources Inc. (“GéoMéga”) mineral claims on gold bearing prospects, including the claims comprising the Anik, MacDonald, Rivière à l’aigle, Gaspard, Lac Storm, 3G, Comptois and Maryse properties, located in the Province of Québec in consideration of the issuance of 17,857,143 Géomines shares.

Upon the amalgamation, the following instruments of the Corporation were issued to the respective instrument holders:

Black Springs	4,125,000 Shares [1)]
	250,000 replacement stock options [1)]
Existing shareholders of Géomines	17,168,786 Shares [2)]
	1,001,250 replacement warrants [2)]
GéoMéga	17,857,143 Shares [2)]

1) Reflects an exchange ratio of two Black Springs common share for one Corporation Share
2) Reflects an exchange ratio of one Géomines common share for one Corporation Share

This transaction is accounted for as the successive acquisitions by Géomines of GéoMéga’s mining claims and 100% of the issued and outstanding shares of Black Springs. Consequently, these financial statements reflect only the assets, liabilities, operations and cash flows of Géomines for dates and periods prior to March 24, 2017 and include also GéoMéga’s mining claims and Black Spring’s assets and liabilities since March 24, 2017.

Neither of the acquisitions meet the definition of a business combination under IFRS 3 *Business Combinations*; accordingly, the purchase of GéoMéga’s mining claims and Black Springs’ net assets is accounted for as an equity-settled share-based payment under IFRS 2 *Share-based Payment*.

In accordance with IFRS 2, equity instruments issued were recognized at fair value of net assets acquired and services received. Services received by the Corporation consist in the listing of Black Springs as a publicly listed entity on the Exchange and are measured at the amount of the excess of the fair value of equity instruments issued to Black Springs’ shares and stock options holders at the time of the amalgamation over Black Springs' net assets acquired. The transaction with Black Springs is thus recognized in substance as if Géomines had proceeded to the issuance of shares and stock options to acquire Black Springs’ net assets.

In connection with the transaction with Black Springs, the Corporation paid a finder’s fee of $80,000 by the issuance of 571,428 Shares of the Corporation and incurred transaction costs of $131,208.

(In Canadian Dollars)

5. AMALGAMATION AND RELATED TRANSACTIONS (CONT'D)

The acquisition of Black Springs has been accounted for as follows:

	$
Net assets of Black Springs acquired	
Cash	90,712
Accounts payables and accrued liabilities	(51,344)
	39,368
Consideration paid	
4,125,000 Shares to Black Springs' shareholders	577,500
250,000 replacement options to Black Springs' option holders	4,000
571,428 Shares as finder's fee	80,000
Transaction costs paid	131,208
	792,708
Listing expense	**(753,340)**

The amount for the replacement options was determined by measuring the fair value of Black Springs' stock options outstanding at the time of the amalgamation. Since 200,000 of the replacement options expired in April 2017, their fair value was considered nil. The fair value of $4,000 for the 50,000 replacement options expiring on July 2, 2020 was estimated using the Black-Scholes valuation model using the following average assumptions: expected life of 3.25 years, a volatility of 100%, a risk-free interest rate of 0.95%, an exercise price of $0.20 and a share price of $0.14. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

Concurrently with the closing of the amalgamation, the Corporation completed a concurrent financing pursuant to a non-brokered private placement of (i) 1,183,510 Shares, issued on a flow through basis, at a price of $0.18 per Share, and (ii) 5,173,293 units at a price of $0.14 per unit for aggregate gross proceeds of $937,293. Each unit being comprised of one Share and one half of one warrant, each whole warrant entitling the holder hereof to acquire one Share at a price of $0.18 per Share until March 24, 2019.

From the total proceeds received from the units of $724,261, $125,149 has been allocated to warrants and $599,112 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 0.76% and an expected life of the warrants of 2 years.

In connection with this financing, the Corporation paid to an arm's length party an aggregate amount of $7,842 and issued an aggregate of 43,568 finder warrants. Each finder warrant entitles the holder to purchase one Share at a price of $0.18 until March 24, 2019. The total compensation warrants cost amounted to $2,832 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

Concerning the March 24, 2017 flow-through private placement, the Corporation's Share value at closing is deemed to be $0.14, therefore the residual value attributed to the benefit related to flow-through Shares renunciation is $0.04 for a total value of $47,340 credited to the liability related to the premium on flow-through Shares.

Share issue expenses, including the finder's fees and compensation warrants, totalled $37,583 of which $30,510 was allocated to capital stock, $4,471 to warrants and $2,602 to flow-through premium.

(In Canadian Dollars)

6. CASH

All the exploration work imposed by the December 30, 2016 and March 24, 2017 flow-through financings was completed before December 31, 2017.

The balance on flow-through financing not spent according to the restrictions imposed by the November and December 2017 financings represents $465,027 as at December 31, 2017. The Corporation has to dedicate these funds to Canadian mining properties exploration to be completed before December 31, 2018.

7. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Jan. 1, 2017	Acquisition from Géoméga	Additions	Disposal	Impairment	As at Dec. 31, 2017
	$	$	$	$	$	$
Mitchi [3]	932,010	-	35,388	-	(96,033)[1]	871,365
Anik	-	1,949,500	1,410	-	(31,960)[1]	1,918,950
McDonald	-	371,250	577	-	(371,827)[2]	-
Rivière à l'aigle	-	148,000	17,874	-	(5,550)[1]	160,324
Gaspard	-	9,750	-	-	(9,750)[2]	-
Gaspard nord	-	-	1,133	-	-	1,133
Lac Storm	-	2,250	273	-	(2,523)[2]	-
3G	-	10,500	-	-	(10,500)[2]	-
Comptois	-	1,000	-	(1,000)	-	-
Maryse	-	7,750	-	-	(7,750)[1]	-
Cousineau	-	-	3,785	-	-	3,785
New Musher	-	-	8,883	-	-	8,883
Dalime	-	-	13,370	-	-	13,370
	932,010	**2,500,000**	**82,693**	**(1,000)**	**(535,893)**	**2,977,810**

Mineral properties acquisition costs	As at Jan. 1, 2016	Additions	Impairment [1]	As at Dec. 31, 2016
	$	$	$	$
WHN	679,125	2,885	-	682,010
Boisvert	-	250,000	-	250,000
Peter Lake	50,500	-	(50,500)	-
Cousineau - Géomines	50,000	-	(50,000)	-
	779,625	**252,885**	**(100,500)**	**932,010**

1) Some claims were dropped and the Corporation impaired partially the property.

2) The Corporation wrote off the property since no exploration program is planned for the near future and or dropped all the claims.

3) The WHN/Boisvert properties have been combined and renamed Mitchi since they are in the same area of interest.

7.1 Mitchi

In December 2016, the Corporation issued 1,996,550 Shares amounting to $250,000 as consideration of the acquisition of the Boisvert property held by a company controlled by the Géomines' president. In December 2016, these shares held by Géomines' president where redeemed as part of the negotiations relating to amalgamation (note 5). Some claims are subject to a 1% or 2% Net Smelter Return royalty ("NSR").

(In Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

7.2 Anik

Certain institutional investors of GéoMéga received different options allowing them to exchange their share in a subsidiary of GéoMéga depending on the Phase 1A results of the separation process of GéoMéga and one of these options comprises a 0.2% royalty on the net proceeds from the commercial gold production on the Anik property. This royalty can be bought back any time for $250,000. On September 19, 2017, GéoMéga announced that the total capacity of the prototypes reaching approximately 1kg of rare earth oxides per run was reached and discussion are being held with the institutional investors on the potential conclusion outcome of phase 1A.

7.2 Comptois

On November 3, 2017, the Corporation completed a transaction with Osisko Mining Inc. ("Osisko") whereby Osisko acquired the Comptois property for total proceeds of $50,000 in cash and a 2% NSR royalty of which 1% can be bought back for $1,000,000. The Corporation realized a $49,000 gain on disposal of E&E assets.

7.3 Dalime and New Musher

On July 27, 2017, the Corporation signed a purchase agreement with 3 individuals for claims located in proximity to various properties of the Corporation's Abitibi projects. The properties were purchased under the following considerations: issuance of 85,000 Shares (fair value of $13,600), issuance of 42,500 warrants exercisable for 24 months at $0.24, grant of 1% NSR royalty that can be bought back by the Corporation for $1,000,000.

Total warrants costs amount to $2,762 for an estimated fair value of $0.065 per warrant. The fair value of the warrants issued was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.22% risk-free interest rate and 1.8 year expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

7.4 Peter Lake

In December 2016, the Corporation transferred mining claims of the Peter Lake property to a previous director without consideration. Therefore, the Corporation recognized a loss on disposal of exploration and evaluation assets for an amount of $50,500.

8. PROPERTY AND EQUIPMENT

	Vehicles
	$
2017	
Net book value – opening	-
Additions	7,900
Depreciation	(1,536)
Net book value – closing	6,364
As at December 31, 2017	
Cost	7,900
Accumulated depreciation	(1,536)
Net book value – closing	**6,364**

(In Canadian Dollars)

9. OBLIGATIONS UNDER FINANCE LEASE

	As at December 31, 2017
	$
Obligation under finance lease, at 27%, payable in monthly installments, maturing in May 2020. At the end of the term, the Corporation may buy the equipment at a price of $10	6,813
Current portion	(2 305)
Obligation under finance lease non-current portion	**4,508**

The obligation under finance lease is as follows:

	1 year	1 to 5 years	Total
	$	$	$
Minimum lease payments	3,869	5,471	9,340
Interest included in minimum lease payments	(1,564)	(963)	(2,527)
	2,305	**4,508**	**6,813**

10. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	2017	2016
	$	$
Balance, beginning	282,707	-
Addition, net of issue costs	148,329	282,707
Reduction related to qualifying exploration expenditures	(361,809)	-
Liability related to the premium on flow through shares	**69,227**	**282,707**

11. SHARE CAPITAL

11.1 Authorized

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only Shares are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are 18,005,129 Shares held in escrow as at December 31, 2017.

11. SHARE CAPITAL (CONT'D)

11.2 Private placements

a) December 2016

In December 2016, the Corporation closed a placement of 2,002,500 units at a price of $0.14 per unit. Each unit is composed of one Share and one-half of one warrant. Each whole warrant entitles its holder to acquire a Share at a price of $0.18 during a period of twenty-four months ending December 2018. Value of Shares issued is presented net of the fair value of warrants amounting to $47,061. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following assumptions: estimated duration of 2 years, risk-free interest of 0.74%, price of Share at time of grant of $0.14, expected dividend yield of 0% and expected volatility rate of 97%.

In December 2016, the Corporation issued 4,452,000 flow-through Shares at a price of $0.18 per Share. Value of flow-through Shares is presented net of the premium of flow-through Shares amounting to $282,707.

b) November and December 2017

On November 16, November 28 and December 28, 2017, the Corporation closed a private placement in three tranches consisting of 4,792,140 flow through Shares at a price of $0.14 per Share and of 3,450,203 units at a price of $0.11 per unit for aggregate gross proceeds of $1,050,423. Each unit being comprised of one Share and one half warrant, each whole warrant entitling the holder hereof to acquire one Share at a price of $0.14 per Share for 2 years.

From the total proceeds received from the units of $379,522, $66,244 has been allocated to warrants and $313,278 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 1.43% and an expected life of the warrants of 2 years.

In connection with this financing, the Corporation paid finders fees of an aggregate amount of $23,328 and issued an aggregate of 166,630 finder warrants. Each finder warrant entitles the holder to purchase one Share at a price of $0.14 for 2 years. The total compensation warrants cost amounted to $9,616 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

Concerning the flow-through private placement, the Corporation's Share value at closing is deemed to be $0.115, $0.11 and $0.12 for November 16, November 28 and December 28, 2017, respectively. Therefore the residual value attributed to the benefit related to flow-through Shares renunciation is $0.025, $0.03 and $0.02 respectively, for a total value of $110,912 credited to the liability related to the premium on flow-through Shares.

Share issue expenses, including the finder's fees and compensation warrants, totalled $59,964 of which $50,103 was allocated to capital stock, $2,540 to warrants and $7,321 to flow-through premium.

11.3 Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

(In Canadian Dollars)

11. SHARE CAPITAL (CONT'D)

11.4 Capital management

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. The Corporation's capital is composed of equity and balances thereof and changes therein are depicted in the statement of changes in shareholders' equity.

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year.

12. WARRANTS

Changes in the Corporation's warrants are as follow:

	2017			2016		
	Number of warrants	**Carrying Value**	**Weighted average exercise price**	**Number of warrants**	**Carrying Value**	**Weighted average exercise price**
		$	$		$	$
Balance, beginning	1,001,250	47,061	0.18	-	-	-
Issued	4,354,248	187,144	0.165	1,001,250	47,061	0.18
Balance, end	**5,355,498**	**234,205**	**0.168**	**1,001,250**	**47,061**	**0.18**

Warrants outstanding as at December 31, 2017 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
1,001,250	0.18	December 30, 2018
2,586,647	0.18	March 24, 2019
42,500	0.24	July 27, 2019
795,454	0.14	November 15, 2019
929,647	0.14	December 28, 2019
5,355,498		

(In Canadian Dollars)

13. BROKER WARRANTS

Changes in the Corporation's broker warrants and finder warrants are as follow:

	2017			2016		
	Number of broker warrants	Carrying Value	Weighted average exercise price	Number of broker warrants	Carrying Value	Weighted average exercise price
		$	$		$	$
Balance, beginning	-	-	-	-	-	-
Issued	210,198	12,448	0.15	-	-	-
Balance, end	**210,198**	**12,448**	**0.15**	**-**	**-**	**-**

Broker warrants outstanding as at December 31, 2017 are as follows:

Number of broker warrants	Exercise price	Expiry date
	$	
43,568	0.18	March 24, 2019
53,830	0.14	November 28, 2019
112,800	0.14	December 28, 2019
210,198		

14. STOCK OPTIONS

Changes in stock options are as follow:

	2017		2016	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	-	-	467,193	0.0002
Replacement options issued upon the amalgamation (note 5)	250,000	0.20	-	-
Granted	1,550,000	0.14	-	-
Exercised	-	-	(467,193)	0.0002
Forfeited	(5,000)	0.14	-	-
Expired	(200,000)	0.20	-	-
Balance, end	**1,595,000**	**0.14**	**-**	**-**
Balance, end exercisable	361,250	0.15	-	-

(In Canadian Dollars)

14. STOCK OPTIONS (CONT'D)

Stock options outstanding as at December 31, 2017 are as follow:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
50,000	50,000	0.20	July 2, 2020
1,245,000	311,250	0.14	March 23, 2022
150,000	-	0.14	August 28, 2022
150,000	-	0.14	December 29, 2022
1,595,000	**361,250**		

On August 28, 2017, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of Shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the Shares outstanding.

On March 24, 2017, the Corporation granted to its directors, officers, employees and consultants 1,250,000 options exercisable at $0.14, valid for 5 years. The options vest 25% per 6 months from the grant date Those options were granted at an exercise price equal to the Shares issued as part of amalgamation concurring private placement. Total stock-based compensation costs amount to $130,000 for an estimated fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.12% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On August 28, 2017, the Corporation granted to a director 150,000 options exercisable at $0.14, valid for 5 years. The options vest 25% per 6 months from the grant date. Those options were granted at an exercise price equal to the closing market value of the Shares preceding the grant. Total stock-based compensation costs amount to $15,600 for an estimated fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.48% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On December 29, 2017, the Corporation granted to a consultant 150,000 options exercisable at $0.14, valid for 5 years. The options vest 25% per 6 months from the grant date. Those options were granted at an exercise price equal to the closing market value of the Shares preceding the grant. Total stock-based compensation costs amount to $15,750 for an estimated fair value of $0.105 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.64% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

(In Canadian Dollars)

15. EMPLOYEE REMUNERATION

	2017	2016
	$	$
Salaries	409,963	-
Directors fees	14,167	-
Benefits	74,943	-
Salaries and benefits	499,073	-
Remuneration recharged by GéoMéga	187,177	-
Salaries and benefits presented in the exploration and evaluation expenses	(566,071)	-
Salaries and benefits presented in the statement of loss	**120,179**	**-**

16. EXPLORATION AND EVALUATION EXPENSES

	2017	2016
	$	$
Salaries and benefits	566,071	-
Geology and prospecting	86,220	31,183
Drilling	275,137	-
Analysis	116,143	708
Geophysics	148,418	-
Lodging and travel	157,547	2,966
Supplies	129,516	13,523
Taxes, permits and insurance	9,485	-
Exploration and evaluation expenses before tax credits	1,488,537	48,380
Tax credits	(118,566)	-
Exploration and evaluation expenses	**1,369,971**	**48,380**

17. RELATED PARTY TRANSACTIONS

17.1 Transactions with GéoMéga:

Following the amalgamation and related transaction of March 24, 2017, GéoMéga emerged as the major shareholder holding 38.8% of the Shares of the Corporation and is considered to have significant influence over the Corporation. As at December 31, 2017, GéoMéga holds 32.8% of the Corporation.

Effective on January 1, 2017, Géomines signed an agreement to hire GéoMéga as subcontractor to execute the exploration work after January 1, 2017. GéoMéga charged the following expenses, in the normal course of operations, since January 1, 2017:

	2017	2016
	$	$
Exploration and evaluation assets	21 590	-
Salaries and benefits	41 123	-
Exploration and evaluation expenses	326 908	-
Travel, conference and investor relations	8 999	-
Loyer	6 750	-
Administration	1 246	-
Total	**406 616**	**-**

(In Canadian Dollars)

17. RELATED PARTY TRANSACTIONS (CONT'D)

As at December 31, 2017, the Corporation owes $20,487 (nil as at December 31, 2016) to GéoMéga, and this due to a shareholder with significant influence is non-interest bearing, unsecured and due on demand. In addition, the Corporation has an accounts receivable from GéoMéga of $569 as at December 31, 2017.

17.2 In the normal course of operations, since March 24, 2017:

- A firm in which a director and officer is a partner charged legal professional fees amounting to $89,239 of which $64,513 was recorded as listing expense, $17,155 as professional fees and $7,571 as share issue expense;
- A company controlled by an officer (nominated March 24, 2017) charged professional fees of $64,652, of which $24,536 relates to her staff; and
- As at December 31, 2017, the balance due to the related parties mentioned in this section amounted to $10,611.

17.3 Out of the normal course of operations, since March 24, 2017:

- Directors and officers of the Corporation participated in the following private placements under the same terms and conditions set forth to all subscribers:
    - Concurrent flow-through placement (note 5) for $15,000 and units for $5,600;
    - November and December 2017 (note 11.2b)) flow-through for $27,010 and units for $14,438.

17.4 In the normal course of operations, between January 1, 2016 and March 24, 2017 for Géomines:

In 2016, Géomines incurred exploration and evaluation expenses totalling $25,842 and entertainment expenses amounting to $25 with Ressources Maxima inc. ("Maxima"), a company controlled by the president of Géomines. Géomines also paid renewal fees for claims included in exploration and evaluation assets for an amount of $2,208 to the same company. Furthermore, Géomines acquired the Boisvert property (now part of the Mitchi property) from Ressources Amixam inc., a company controlled by the president of Géomines, by issuing 1,996,550 Shares for an amount of $250,000.

For the period from January 1, 2017 up to March 24, 2017, Géomines incurred exploration and evaluation expenses totalling $4,500 with Maxima.

These transactions are measured at the amount of consideration established and agreed by the related parties.

18. INCOME TAXES

The income tax expense is made up of the following component:

	2017	**2016**
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	361,809	-
Change to deferred taxes	239,733	(101,143)
Total - deferred income taxes recovery (expense)	**601,542**	**(101,143)**

(In Canadian Dollars)

18. INCOME TAXES (CONT'D)

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2017	2016
	$	$
Loss before income taxes	(3,032,296)	(205,917)
Combined federal and provincial income tax at 26.90% (26.90%)	(812,655)	(55,391)
Non-deductible expenses	144,058	42
Tax effect of renounced flow-through share expenditures	323,370	-
Amortization of flow-through share premiums	(361,809)	-
Unrecognized temporary differences	-	(2,018)
Impairment of exploration and evaluation assets	-	13,450
Loss on disposal of exploration and evaluation assets	-	13,585
Exploration and evaluation expenses	-	13,014
Deductible share issuance expenses	-	(603)
Current tax losses for which no deferred income tax asset was recognized	104,391	17,921
Changes in deferred tax liabilities due to a change in tax rates	-	62,313
Changes in balance of deferred tax liabilities	-	38,830
Other elements	1,103	-
Expired tax attributes	-	-
	(601,542)	**101 143**

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $124,918.

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	2017	2016
	$	$
Deferred income tax assets		
Non-capital losses	67,506	24,987
Exploration and evaluation expenses	-	4,971
Share and warrant issue expenses	-	1,810
Total deferred income tax assets	67,506	31,768
Deferred income tax liabilities		
E&E assets	(67,506)	(244,704)
Valuation allowance	-	(26,797)
Total deferred income tax liabilities	(67,506)	(271,501)
Deferred income tax assets (liabilities)	**-**	**(239,733)**

(In Canadian Dollars)

18. INCOME TAXES (CONT'D)

As of December 31, 2017, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2033	133	133
2034	5,546	5,546
2035	10,782	10,677
2036	66,670	66,564
2037	43,987	43,924
2037	343,464	342,692
	470,582	469,536

19. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

19.1 Market Risk

Interest rate fair value risk
Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

19.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

In 2017, the investments are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund. The Corporation aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable. The carrying amount of cash and cash equivalents and investments represents the Corporation's maximum credit exposure. Nevertheless, management considers the credit risk to be minimal.

19. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

19.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management estimates that the working capital will not be sufficient to meet the Corporation's obligations and commitments and budgeted expenditures through December 31, 2018.

19.4 Fair value

The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

20. SUBSEQUENT EVENTS

On April 6, 2018, the Corporation closed a private placement consisting of 6,250,000 units at a price of $0.40 per unit for aggregate gross proceeds of $2,500,000. Each unit being comprised of one Share and one half warrant, each whole warrant entitling the holder hereof to acquire one Share at a price of $0.70 per Share for 2 years.