BLACKROCK GOLD CORP.

Financial Statements

For The Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blackrock Gold Corp. (formerly Almo Capital Corp.),

We have audited the accompanying financial statements of Blackrock Gold Corp. (formerly Almo Capital Corp.) which comprise the statements of financial position as at October 31, 2017 and 2016, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 financial statements present fairly, in all material respects, the financial position of Blackrock Gold Corp. (formerly Almo Capital Corp.) as at October 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, limited sources of revenue, and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
February 28, 2018

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Statements of Financial Position
(Expressed in Canadian Dollars)

		October 31, 2017		October 31, 2016
Assets				
Current assets				
Cash	**$**	**91,814**	$	47,880
Amounts receivable		**10,040**		11,495
Prepaid expenses (Note 11)		**85,266**		267,171
		187,120		326,546
Non-current assets				
Exploration and evaluation assets (Note 3)		**-**		992,041
	$	**187,120**	$	1,318,587
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**56,361**	$	53,173
Due to related parties (Note 5)		**95,923**		8,709
Loans payable (Note 7)		**-**		886,672
		152,284		948,554
Shareholders' Equity				
Share capital (Note 4)		**2,647,428**		2,198,008
Reserve – Equity-settled employee benefits (Note 4)		**264,769**		230,989
Deficit		**(2,877,361)**		(2,058,964)
		34,836		370,033
	$	**187,120**	$	1,318,587

Nature of Operations and Going Concern (Note 1)
Events Subsequent to the Year End (Note 12)

Approved by the Directors:

"Alan Carter"
Alan Carter, Director

"Deepak Malhotra"
Deepak Malhotra, Director

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended October 31,		
		2017		2016
Operating expenses				
Accounting and audit	**$**	**15,000**	$	15,400
Administrative services (Note 5)		**-**		13,950
Bank charges and interest		**3,016**		1,635
Consulting fees (Note 5)		**80,345**		15,000
Depreciation (Note 6)		**-**		171
Foreign exchange (gain) loss		**9,953**		(10,601)
Insurance		**2,333**		-
Management fees (Note 5)		**75,000**		45,000
Marketing and communications		**227,778**		68,426
Legal fees		**76,325**		57,870
Office expense		**7,222**		12,454
Regulatory and filing fees		**44,403**		34,360
Rent		**2,700**		-
Share-based payments		**33,780**		59,856
Travel		**6,384**		28,998
Wages		**63,198**		24,241
Loss from operations		**647,437**		366,760
Other expenses (income):				
Gain on settlement of debt (Note 7)		**(856,672)**		-
Write-off of exploration and evaluation assets (Note 3)		**1,027,632**		233,284
Write-off of equipment (Note 6)		**-**		813
Net and Comprehensive Loss for the year	**$**	**818,397**	$	600,857
Basic and Diluted Loss per share	**$**	**(0.04)**	$	(0.08)
Weighted average number of shares outstanding Basic and Diluted		**20,614,097**		7,651,984

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)
Statements of Cash Flows
(Expressed in Canadian dollars)

		Year Ended October 31,		
		2017		2016
Cash provided by (used for):				
Operating activities				
Net loss for the year	**$**	**(818,397)**	$	(600,857)
Adjustment for items not involving cash:				
Interest accrued and due to related parties		**2,167**		-
Depreciation		**-**		171
Foreign exchange on prepaid expenses		**3,150**		-
Share-based payments		**33,780**		59,856
Gain on settlement of debt		**(856,672)**		-
Write-off of exploration and evaluation assets		**1,027,632**		233,284
Write-off of equipment		**-**		813
		(608,340)		(306,733)
Changes in non-cash operating capital:				
Amounts receivable		**1,455**		(10,201)
Prepaid expenses		**178,755**		(267,171)
Accounts payable and accrued liabilities		**50,208**		42,673
Due to related parties		**85,047**		11,554
		(292,875)		(529,878)
Investing activity				
Exploration and evaluation assets		**(35,591)**		(214,284)
Financing activities				
Issuance of common shares, net of share issue costs		**402,400**		788,701
Repayment of loans payable		**(30,000)**		-
		372,400		788,701
Increase in cash		**43,934**		44,539
Cash, beginning of the year		**47,880**		3,341
Cash, end of the year	**$**	**91,814**	$	47,880
Supplementary disclosure:				
Shares issued for exploration and evaluation assets	**$**	**-**	$	20,000
Shares issued for settlement of accounts payable		**47,020**		-

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares		Share capital		Reserve – Equity-settled employee benefits		Deficit		Total Equity
Balance at October 31, 2015	5,356,410	$	1,389,307	$	171,133	$	(1,458,107)	$	102,333
Shares issued for private placements	10,911,998		825,900		-		-		825,900
Share issue costs	-		(37,199)		-		-		(37,199)
Shares issued for exploration and evaluation assets	200,000		20,000		-		-		20,000
Share-based payments	-		-		59,856		-		59,856
Net loss for the year	-		-		-		(600,857)		(600,857)
Balance at October 31, 2016	16,468,408	$	2,198,008	$	230,989	$	(2,058,964)	$	370,033
Shares issued for private placement	5,451,666		408,875		-		-		408,875
Share issue costs	-		(6,475)		-		-		(6,475)
Shares issued for debt settlement	522,444		47,020		-		-		47,020
Share-based payments	-		-		33,780		-		33,780
Net loss for the year	-		-		-		(818,397)		(818,397)
Balance at October 31, 2017	22,442,518	$	2,647,428	$	264,769	$	(2,877,361)	$	34,836

The accompanying notes are an integral part of these financial statements

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Gold Corp. ("our" or the "Company") was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company's shares began trading on the TSX Venture Exchange ("TSX-V") under the symbol "BRC.V" on July 27, 2016.

The head office, registered address, principal address and records office of the Company are located at 7120 144th street, Surrey, BC, V3W 5S2.

These financial statements have been prepared assuming the Company will continue on a going-concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of $2,877,361 at October 31, 2017 (October 31, 2016 - $2,058,964). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the statement of financial position. These conditions indicate the existence of material uncertainties that cast significant doubt that the Company will be able to continue on a going concern basis. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments which would likely become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful.

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements were authorized for issue on February 28, 2018 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on October 31, 2017, the Company's annual reporting date.

Certain amounts in the prior period have been reclassified to conform to the current period presentation.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The critical accounting judgment is the determination that the Company has the ability to continue as a going concern for the next year.

Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits which are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in fair value. The Company had no cash equivalents at October 31, 2017 and October 2016.

Financial instruments

Financial assets

The Company recognizes financial assets at fair value, plus transaction costs in the case of financial assets not subsequently measured at fair value through profit or loss, when it becomes party to a contract. The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss). Cash is designated within this category.

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

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

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

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss). The Company has no liabilities classified within this category.

Other financial liabilities – This category includes amounts due to related parties, accounts payable and accrued liabilities and loans payable all of which are recognized at amortized cost. At October 31, 2017, all amounts approximated their value due to their short-term nature.

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation assets are capitalized and classified as a non-current asset. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Equipment

Capital assets are recorded at cost and depreciated over their estimated useful lives. The Company records depreciation on a declining balance basis for equipment, at the following annual rates.

Automobile	30%
Equipment	20%

The depreciation rates are reduced by one-half in the years of acquisition and disposal. Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off.

Impairment of non-current assets

The Company's exploration and evaluation assets and equipment are reviewed for impairment 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 Company estimates the recoverable amount of the cash-generating unit 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 cash generating unit 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 comprehensive income (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.

The Company provides for the costs of future reclamation activities at the time it conducts exploration and evaluation activities and records the present value of the estimated reclamation expenditures required to restore the exploration sites in the year in which the obligation is incurred. When the obligation is recognized, the estimated expenditures are recorded in operations. Changes in estimated reclamation expenditures will be recognized as changes to the corresponding assets and reclamation liability in the year in which they occur.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in the Equity-Settled Employee Benefits reserve. 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.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Earnings or loss per share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Income taxes

The Company accounts for income taxes using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values, using enacted or substantially enacted income tax rates at each statement of financial position date. Deferred assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or a part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Those that may be applicable to the Company are as follows:

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company continues to evaluate the impact of IFRS 9; however, based on the evaluation performed to date, the Company does not anticipate the standard to have a material impact on the consolidated financial statements upon adoption.

(Expressed in Canadian dollars)

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short- term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee.

Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company has yet to assess the full impact of IFRS 16.

3) EXPLORATION AND EVALUATION ASSETS

Title Disclaimer

As at October 31, 2017, all of the Company's exploration and evaluation assets are located in British Columbia, Canada and Nevada, United States. Title to mining 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 history characteristic of many mining properties. The Company has investigated title to all of its minerals properties and, to the best of its knowledge; both of its properties are in good standing.

	October 31, 2015	Net Additions	October 31, 2016	Net Additions	October 31, 2017
	$	$	$	$	$
NEVADA					
Medicine Springs Property					
Acquisition	-	117,269	117,269	-	117,269
Geological	-	25,604	25,604	-	25,604
Legal costs	-	5,948	5,948	-	5,948
Advance for exploration work	-	30,180	30,180	-	30,180
Property costs written off	-	(179,001)	(179,001)	-	(179,001)
	-	-	-	-	-
BRITISH COLUMBIA					
DD Property					
Acquisition	8,870	1,000	9,870	1,000	10,870
Assays and IP survey	41,683	-	41,683	-	41,683
Consulting	64,135	-	64,135	-	64,135
Geologist	193,479	-	193,479	-	193,479
Field expenses	57,504	-	57,504	-	57,504
Property costs written off	(251,801)	-	(251,801)	(115,870)	(367,671)
	113,870	1,000	114,870	(114,870)	-

(Expressed in Canadian dollars)

3) EXPLORATION AND EVALUATION ASSETS – Continued

	October 31, 2015	Net Additions	October 31, 2016	Net Additions	October 31, 2017
BRITISH COLUMBIA					
Moore Property					
Acquisition	5,985	-	5,985	-	5,985
Assays and IP survey	34,680	-	34,680	-	34,680
Consulting	21,505	-	21,505	-	21,505
Geologist	200,099	-	200,099	-	200,099
Field expenses	2,062	-	2,062	-	2,062
Drilling	612,840	-	612,840	-	612,840
Property costs written off	-	-	-	(877,171)	(877,171)
	877,171	-	877,171	(877,171)	-
MEXICO					
Portrero Gold-Silver Project					
Exploration and evaluation expenditures	-	54,283	54,283	34,591	88,874
Property costs written off	-	(54,283)	(54,283)	(34,591)	(88,874)
	-	-	-	-	-
Total exploration and evaluation assets	991,041	1,000	992,041	(992,041)	-

Silver Cloud Project

On October 27, 2017 the Company entered into a lease agreement (the "Lease") with Pescio Exploration LLC (the "Lessor") with respect to 552 unpatented lode mining claims situated in Elko, Nevada, and known as the Silver Cloud Project (the "Property"). The Lease affords Blackrock all rights and privileges incidental to ownership, including rights to explore, develop, and mine the Property. The term of the Lease is 10 years from October 27, 2017 and so long thereafter as a) exploration and/or development is taking place on the Property and/or b) the Property is held by Blackrock or it successors and assigns, unless earlier terminated in accordance with the terms of the Lease. The arrangements with respect to the Lease are subject to prior approval by the TSX Venture Exchange (the "Exchange").

To acquire and maintain the Lease in good standing, Blackrock will be required to:

(a) reimburse the Lessor approximately US$92,000 for the 2017 Bureau of Land Management fee upon exchange approval;
(b) within 5 days of Exchange approval, pay US$50,000 and issue 500,000 common shares of Blackrock to the Lessor at a deemed price of $0.06 per share;
(c) on December 20, 2017, pay an additional US$50,000 and issue to the Lessor an additional 500,000 common shares of Blackrock;
(d) perform a minimum total of 15,000 feet of drilling on the Property during the first 3 years of the term of the Lease;
(e) make additional payment amounts totalling US$3,650,000 over the following 8 years; and
(f) drilling an additional 90,000 feet from years four to nine.

Blackrock will also pay a royalty of 3.5% of the gross value of production (the "Gross Royalty") on the sale of minerals from the Property. All annual payments made by Blackrock and described above will be credited cumulatively against Blackrock's commitments pursuant to the Gross Royalty. Furthermore, Blackrock has an

3) EXPLORATION AND EVALUATION ASSETS – Continued

option to buy down the Gross Royalty by 1.5% to 2.0% by payment to the Lessor of US$3,000,000 at its sole discretion and at any time on or before October 28, 2022

As at October 31, 2017, the Company had not received exchange approval for this transaction (Note 12).

Portrero Gold-Silver Project

On October 24, 2016, the Company signed a letter of intent to earn up to 80% interest in the Portrero Gold-Silver Project 235 kilometres north-west of Durango, Mexico. During 2017, the Company withdrew from the agreement due to lower than expected gold and silver values in the rock samples. As such, the Company wrote off costs totalling $34,591 related to this project during the year-ended October 31, 2017 (2016 - $54,283). Prior to withdrawing from the agreement, the Company paid US$25,000.

Medicine Springs Property

On June 16, 2016, the Company entered into an option and joint venture agreement (the "Agreement") with privately-held Golden Tiger Minerals Inc. ("Golden Tiger"). The Company was granted an option to acquire up to an 80% undivided interest in Golden Tiger's leasehold rights to the Medicine Springs property in Elko County, Nevada. Golden Tiger defaulted on payments due to the owners of the Medicine Springs property and, as a result, the owners terminated the lease agreement with Golden Tiger. The Company wrote off all costs ($179,001) related to this project as of October 31, 2016. Prior to the termination of the lease, the Company paid US$50,000 and issued 200,000 shares (Note 4(vii)).

DD Property

By an agreement dated July 29, 2015, the Company acquired the remaining 49.99% interest in the DD property claims. Pursuant to this agreement, the pre-existing 3% NSR royalty has been terminated.

By an agreement dated April 30, 2003 (amended August 25, 2003 and September 5, 2003) the Company acquired a 50.01% interest (subject to a 3% Net Smelter Returns (“NSR”) royalty) in 17 mineral claims located in the Cariboo Mining Division, for consideration of:

- $1.01 cash on approval of the agreement by the TSX Venture Exchange (paid); and
- Incurring exploration expenditures totaling $200,000 on or before April 30, 2006 (incurred)

During 2017, the Company decided to write-down the property as management has no plans to complete any additional work on the property. The claims will be allowed to lapse in 2018.

Moore Property

By an agreement dated September 10, 2004, the Company had an option to acquire a 100% interest in 34 mineral claims located in the Kamloops Mining Division. In order to earn its 100% interest in this property, the Company was required to pay $5,000 and incur $50,000 in exploration expenditures over four years from the agreement date (incurred). In 2007, the Company satisfied all conditions of the option agreement and currently has a 100% interest in this property.

During 2017, the Company decided to write-down the property as management has no plans to complete any additional work on the property. The claims will be allowed to lapse as they come due between 2018 and 2021.

4) SHARE CAPITAL

a) Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

b) Issued:

During the year ended October 31, 2017, the Company issued the following common shares:

(i) On February 17, 2017, the Company issued 5,451,666 units (the "Units") at a price of $0.075 per Unit for gross proceeds of $408,875. Each Unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until February 17, 2019. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of $6,475 were paid to Canaccord Genuity Corp.; and

(ii) On March 23, 2017, the Company issued 522,444 shares at a price of $0.09 per share to settle accounts payable of $47,020.

During the year ended October 31, 2016, the Company issued the following common shares:

(iii) On May 4, 2016, the Company closed a non-brokered private placement for 1,000,000 units at a price of $0.075 per unit for gross proceeds of $75,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The transaction is considered a related party transaction as the units were issued to 1062954 B.C. Ltd., an insider of the Company. The Company incurred legal fees totaling $9,500.

(iv) On May 13, 2016, the Company closed a non-brokered private placement for 200,000 units at a price of $0.075 per unit for gross proceeds of $15,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15.

(v) On June 10, 2016, the Company closed a brokered private placement for 1,976,000 units at a price of $0.075 per unit for gross proceeds of $148,200. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The Company paid finders fees totaling $6,830.

(vi) On July 6, 2016, the Company closed a brokered private placement for 1,236,000 units at a price of $0.075 per unit for gross proceeds of $92,700. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The Company paid finders' fees to Cannacord Genuity Corp. and PI Financial Corp. totaling $5,040 and $1,499 respectively.

(vii) On August 5, 2016, the Company issued 200,000 common shares as part of its option agreement for the Medicine Springs property. The common shares were valued at $0.10 per common share for a total fair value of $20,000.

(Expressed in Canadian dollars)

4) SHARE CAPITAL – CONTINUED

(viii) On September 16, 2016, the Company issued 3,133,332 units at a price of $0.075 per unit for gross proceeds of approximately $235,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until September 16, 2018. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of 7% payable in cash were paid to Canaccord Genuity Corp. and Richardson GMP with respect to a portion of the private placement

(ix) On October 19, 2016, the Company issued 2,866,666 units at a price of $0.075 per unit and 500,000 units at a price of $0.09 per unit for gross proceeds of $260,000. Each Unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until October 19, 2018. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of 7% were paid to Canaccord Genuity Corp.

c) Share purchase options

The Company adopted an incentive stock option plan ("the Plan") which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

The continuity of share purchase options for the year ended October 31, 2017 and the year ended October 31, 2016 is as follows:

	2017		2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the year	1,070,000	0.10	-	-
Granted	400,000	0.08	1,170,000	0.10
Cancelled	(480,000)	0.10	-	-
Forfeited		-	(100,000)	0.10
Outstanding and Exercisable, end of the year	990,000	0.09	1,070,000	0.10

The options have a weighted average life of 3.96 years.

(Expressed in Canadian dollars)

4) SHARE CAPITAL – Continued

Expiry Date	Number of Options	Exercise Price
		$
August 25, 2021	590,000	0.09
November 18, 2021	100,000	0.10
January 11, 2022	300,000	0.075

The fair value of the share-based payments expense for the year ended October 31, 2017 and the year ended October 31, 2016 was estimated using the following assumptions:

	2017	2016
Risk-free interest rate	0.99% - 1.08%	0.69% - 0.71%
Expected annual volatility	106.43% - 107.70%	103.00% - 105.66%
Expected life (years)	5	5
Dividend yield	0%	0%

The weighted average grant date fair value per option was $0.0845.

d) Warrants

The continuity of warrants for the year ended October 31, 2017 and year ended October 31, 2016 is as follows:

	2017		2016	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
		$		$
Balance, beginning of the year	10,911,998	0.15	-	-
Granted	5,451,666	0.15	10,911,998	0.15
Outstanding, end of the year	16,363,664	0.15	10,911,998	0.15

The warrants have a weighted average life of 0.96 years.

Expiry Date	Number of Warrants	Exercise Price
		$
May 4, 2018	1,000,000	0.15
May 13, 2018	200,000	0.15
June 10, 2018	1,976,000	0.15
July 6, 2018	1,236,000	0.15
September 16, 2018	3,133,332	0.15
October 19, 2018	3,366,666	0.15
February 17, 2019	5,451,666	0.15

5) RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties, and accordingly that they are measured at fair value.

As at October 31, 2017, the Company owed $95,923 (October 31, 2016 - $8,709) to related parties as follows:

(i) $1,709 (2016 - $1,709) to a former President and CEO of the Company for miscellaneous expenditures paid on behalf of the Company.
(ii) $25,000 (2016 - $nil) to the CEO of the Company for consulting fees;
(iii) $2,625 (2016 - $nil) to a company controlled by the CFO of the Company for management fees;
(iv) $26,281 (2016 - $nil) to a director of the Company for a loan ($24,114) plus accrued interest ($2,167). On November 30, 2016, the director agreed to loan the Company up to $25,000 for a period of one year at interest of 10% per annum. The loan is secured by a guarantee from the Company and was repaid subsequent to year end (Note 12);
(v) $40,308 (2016 - $nil) to a director of the Company for an advance. Subsequent to year end, this advance was converted into a loan (Note 12(i));
(vi) $nil (2016 - $5,250) to a company controlled by a former President and CEO of the Company for management services; and
(vii) $nil (2016 - $1,750) to a former director of the Company for administrative services;

During the year ended October 31, 2017, the Company incurred administrative fees totaling $nil (2016 - $13,950) to a former director of the Company and consulting fees totaling $nil (2016 - $15,000) to a company controlled by a former insider and control person of the Company (Note 4(iii)).

2,000,000 of the Units issued by the Company on February 17, 2017 were issued to insiders of the Company (Note 4b(i)).

Key Management Compensation

During the year ended October 31, 2017, the Company incurred management fees totalling $75,000 (2016 - $45,000). Of this amount, $10,000 (2016 - $35,000) was charged by a company controlled by a former President and CEO of the Company, $35,000 (2016 - $nil) was charged by a former CEO of the Company and $30,000 (2016 - $10,000) was charged by a company controlled by the CFO of the Company. These amounts are incurred on a month-by-month basis.

During the year ended October 31, 2017, the Company incurred consulting fees of $25,000 (2016 - $nil) charged by a director of the Company.

During the year ended October 31, 2017, $33,780 (2016- $51,600) in share-based compensation was in respect of officers and directors of the Company.

(Expressed in Canadian dollars)

6) EQUIPMENT

	Automobile	Equipment	Total
	$	$	$
Cost			
Balance, October 31, 2015	13,427	2,685	16,112
Additions	-	-	-
Balance, October 31, 2017 and October 31, 2016	13,427	2,685	16,112
Accumulated depreciation			
Balance, October 31, 2015	13,008	2,120	15,128
Depreciation	89	82	171
Write-off	330	483	813
Balance, October 31, 2017 and 2016	13,427	2,685	16,112
Net book value			
Balance, October 31, 2015	419	565	984
Balance, October 31, 2016	-	-	-
Balance, October 31, 2017	-	-	-

7) LOANS PAYABLE

The loans were payable to two private companies controlled by the former President and CEO of the Company who resigned in April 2016. Pursuant to loan amendment agreements in 2013, the maturity dates were extended from August 31, 2013 to August 31, 2018 and interest on the loans was waived effective November 1, 2011. In February 2017, the Company settled these loans for an aggregate payment of $30,000. The Company realized an $851,672 gain on settlement of the loans.

	October 31, 2017	October 31, 2016
Principal	$ 789,878	$ 789,878
Accrued interest	96,794	96,794
Repayment of loan	(30,000)	-
Gain on debt settlement	(856,672)	-
Total	$ -	$ 886,672

8) INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended October 31, 2017 and 2016 is as follows:

	2017	2016
Net loss for the year	$ 818,397	$ 600,857
Effective statutory rate	26.00%	26.00%
Expected income tax recovery	212,783	156,223
Net effect of deductible and non-deductible amounts	(51,659)	(67,620)
Change in valuation allowance	(161,124)	(88,603)
	$ -	$ -

(Expressed in Canadian dollars)

8) INCOME TAXES - Continued

The significant components of the Company's deferred income tax assets at October 31, 2017 and 2016 are as follows:

		2017		2016
Deferred tax assets:				
Exploration and evaluation assets	$	838,424	$	583,001
Non-capital loss carry-forwards		1,831,000		1,164,000
Capital loss carry-forwards		409,611		409,611
Equipment		16,112		16,112
Share issue costs		27,499		29,759
Total deferred tax assets	$	3,122,646	$	2,202,483

The Company did not realize the deferred tax asset for the year ended October 31, 2017 as it was unlikely to be realized.

The Company has non-capital losses of approximately $1,831,000 expiring in stages to 2037 as follows:

Expiry date		Non-capital Losses
2026	$	213,000
2027		99,000
2028		91,000
2029		-
2030		73,000
2031		114,000
2032		56,000
2033		67,000
2034		86,000
2035		54,000
2036		356,000
2037		622,000
	$	1,831,000

The Company has Canadian resource pools of approximately $838,000 and capital losses of approximately $819,000 at October 31, 2017.

9) CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

9) CAPITAL MANAGEMENT - Continued

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investment or support of its projects.

10) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3: Inputs that are not based on observable market data.

Cash is measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the year, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

Financial Risk Factors

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 Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit, quality financial institutions as determined by rating agencies.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2017, the Company had cash of $91,814 to settle current liabilities of $152,284.

11) COMMITMENTS

On September 9, 2016, the Company entered into a digital marketing agreement for online marketing services for a period of 90 days commencing November 28, 2016. A non-refundable digital marketing fee of US$125,000 was paid to the advertiser as compensation for these services. This agreement has been placed on hold and will be continued when the Company deems it appropriate to do so. As at October 31, 2017, $80,600 (US$62,500) (October 31, 2016 - $167,500 (US$125,000)) remains in prepaids.

12) EVENTS SUBSEQUENT TO THE YEAR END

The following transactions occurred subsequent to the year-end:

(i) On November 10, 14 and 27, 2017, the Company entered into loan agreements with two current directors and an unrelated third party to borrow a total of $101,350 for a period of one year at a rate of 8% per annum. The proceeds of the loans were received between October 30, 2017 and November 28, 2017. The loans are repayable, with interest, twelve months from the date of advance or upon demand after six months. The Company may prepay these loans plus accrued interest at any time in whole or in part without penalty. In addition, the parties have been issued 1,447,987 share purchase warrants exercisable at a price of $0.07 per common share for a period of twelve months from the date of grant (Note 5(v)). The Company received regulatory approval on February 8, 2018.

(ii) On January 1, 2018, the Company hired Greg Schifrin as its new CEO. In connection with this hire, on January 31, 2018, the Company granted 200,000 incentive share options to the CEO. The options are exercisable at a price of $0.08 per share for a term of five years.

(iii) On February 7, 2018, the Company opened a non-brokered private placement of up to 8,000,000 units (the "Units") at a price of $0.10 per Unit, for gross proceeds of up to $800,000. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.20 per share, for a period of two years from the date the Units are issued. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.40 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice.

(iv) On February 7, 2018, the Company received conditional approval for the Silver Cloud Project (Note 3) pending the close of the Company's $800,000 non-brokered private placement. Upon final approval, the Company will issue 600,000 common shares of the Company as a finder's fee.

(v) On February 8, 2018, the Company repaid the loan plus accrued interest totalling $26,888 to a director of the Company (Note 5(iv)).