BLACKROCK GOLD CORP.

Consolidated Financial Statements

For the Years Ended October 31, 2018 and 2017

(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.,

We have audited the accompanying consolidated financial statements of Blackrock Gold Corp. which comprise the consolidated statements of financial position as at October 31, 2018 and 2017, and the consolidated statements of loss and 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blackrock Gold Corp. as at October 31, 2018 and 2017 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 consolidated 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 20, 2019

BLACKROCK GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		October 31, 2018		October 31, 2017
Assets				
Current assets				
Cash	**$**	**210,029**	$	91,814
Amounts receivable		**34,445**		10,040
Prepaid expenses (Note 3)		**171,426**		85,266
		415,900		187,120
Non-current assets				
Exploration and evaluation assets (Note 4)		**711,471**		-
	$	**1,127,371**	$	187,120
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**29,352**	$	56,361
Loans payable (Note 5, 7)		**110,681**		26,281
Due to related parties (Note 7)		**45,264**		69,642
		185,297		152,284
Shareholders' Equity				
Share capital (Note 6)		**4,401,972**		2,647,428
Reserves (Note 6)		**565,505**		264,769
Deficit		**(4,025,403)**		(2,877,361)
		942,074		34,836
	$	**1,127,371**	$	187,120

Nature of Operations and Going Concern (Note 1)
Commitments (Note 11)
Subsequent Events (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.

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

	Year Ended October 31, 2018	2017
Operating expenses		
Accounting and audit	**$ 15,000**	$ 15,000
Bank charges and interest	**2,727**	849
Consulting fees (Note 7)	**156,232**	80,345
Foreign exchange loss	**4,285**	9,953
Insurance	**7,002**	2,333
Interest expense (Note 5, 7)	**9,941**	2,167
Management fees (Note 7)	**238,590**	75,000
Marketing and communications	**172,998**	227,778
Legal fees	**56,618**	76,325
Office expense	**8,623**	7,222
Regulatory and filing fees	**27,855**	44,403
Rent	**10,426**	2,700
Share-based payments (Note 6, 7)	**308,380**	33,780
Travel	**36,219**	6,384
Wages (Note 7)	**93,146**	63,198
Loss from operations	**1,148,042**	647,437
Other expenses (income):		
Write-off of exploration and evaluation assets (Note 4)	**-**	1,027,632
Gain on settlement of debt (Note 5)	**-**	(856,672)
Net and Comprehensive Loss for the year	**$ 1,148,042**	$ 818,397
Basic and Diluted Loss per share	**$ (0.04)**	$ (0.04)
Weighted average number of shares outstanding Basic and Diluted	**31,711,477**	20,614,097

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Year Ended October 31,		
		2018		2017
Cash provided by (used for):				
Operating activities				
Net loss for the year	**$**	**(1,148,042)**	$	(818,397)
Adjustment for items not involving cash:				
Interest accrued on loans payable		**9,334**		2,167
Share-based payments		**308,380**		33,780
Foreign exchange on prepaid expenses		**-**		3,150
Write-off of exploration and evaluation assets		**-**		1,027,632
Gain on settlement of debt		**-**		(856,672)
		(830,328)		(608,340)
Changes in non-cash operating capital:				
Amounts receivable		**(24,405)**		1,455
Prepaid expenses		**(86,160)**		178,755
Accounts payable and accrued liabilities		**12,991**		50,208
Due to related parties		**15,930**		60,933
		(911,972)		(316,989)
Investing activity				
Exploration and evaluation assets		**(555,471)**		(35,591)
Financing activities				
Proceeds from loans payable		**61,039**		24,114
Repayment of loans payable		**(26,281)**		(30,000)
Issuance of common shares, net of share issue costs		**1,550,900**		402,400
		1,585,658		396,514
Increase in cash		**118,215**		43,934
Cash, beginning of the year		**91,814**		47,880
Cash, end of the year	**$**	**210,029**	$	91,814
Supplementary disclosure:				
Shares issued for settlement of accounts payable	**$**	**40,000**	**$**	47,020
Shares issued for exploration and evaluation assets	**$**	**156,000**	**$**	-
Conversion of related party advance to loan payable	**$**	**40,308**	**$**	-

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares		Share capital		Reserves		Deficit		Total Equity
Balance at October 31, 2016	16,468,408	$	2,198,008	$	230,989	$	(2,058,964)	$	370,033
Private placement	5,451,666		408,875		-		-		408,875
Share issue costs	-		(6,475)		-		-		(6,475)
Shares 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
Private placements	18,810,000		1,581,000		-		-		1,581,000
Shares for debt settlement	400,000		40,000		-		-		40,000
Shares for property payment	1,200,000		156,000		-		-		156,000
Share issue costs	-		(42,700)		-		-		(42,700)
Share-based payments	-		-		308,380		-		308,380
Stock options exercised	140,000		20,244		(7,644)		-		12,600
Net loss for the year	-		-		-		(1,148,042)		(1,148,042)
Balance at October 31, 2018	42,992,518	$	4,401,972	$	565,505	$	(4,025,403)	$	942,074

The accompanying notes are an integral part of these financial statements

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Gold Corp. ("our", "Blackrock" 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 and the United States. 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 and also trade on the OTCQB under the symbol "BKRRF".

The head office, registered address, principal address and records office of the Company are located at 2300 – 1177 West Hastings Street, Vancouver BC Canada V6E 2K3.

These consolidated financial statements (the "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 $4,025,403 at October 31, 2018 (October 31, 2017 - $2,877,361). For the year ended October 31, 2018, the Company had a net loss of over $1.1 million, cash flows from operating activities of approximately $(912,000) and working capital of approximately $231,000. 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. To date, the Company has not earned operating revenue.

The Company is uncertain that it can raise capital to meet its obligations, fund operations, or advance its mineral projects, 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 raise capital 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. These plans may be adversely impacted by factors including uncertain market conditions and commodity prices. There can be no assurance that management's plan will be successful.

The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements were authorized for issue on February 20, 2019 by the directors of the Company.

<u>Statement of compliance to International Financial Reporting Standards</u>
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 1, Presentation of Financial Statements ("IAS 1").

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2018, the Company's annual reporting date.

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

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. Other accounting estimates and judgements include functional currency determination, recoverability of exploration and evaluation costs, impairment of mining interest, valuation of securities-based payments, and income tax assets.

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, 2018 and October 2017.

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.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 is comprised of 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, 2018, all amounts approximated their value due to their short-term nature.

<u>Exploration and Evaluation Assets</u>
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

Impairment of non-current assets
The Company's exploration and evaluation assets and 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.

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 reserves. 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.

2) SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Basis of consolidation:
The financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
Blackrock Gold Corp.	*USA*	100%

Blackrock Gold Corp. was incorporated on May 9, 2018. The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

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:

Standard	Title	Applicable for financial years beginning on/after
IFRS 9	Financial instruments	January 1, 2018
IFRS 16	Leases	January 1. 2019

Under IFRS 9, financial assets are required to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized, and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies.

(Expressed in Canadian dollars)

2) SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, leased assets ("right-of-use" assets) and the related lease liability will be required to be recognized on the statement of financial position.

3) PREPAID EXPENSES

Prepaid expenses at October 31, 2018 and 2017 is comprised of the following:

		2018		2017
Digital marketing (i)	$	80,600	$	80,600
Insurance		4,660		4,666
Consulting services (ii)		48,403		-
Marketing and lead generation (iii)		17,932		-
Marketing (iv)		14,575		-
Other		5,256		-
	$	171,426	$	85,266

(i) On September 9, 2016, the Company entered into a digital marketing agreement for online marketing services for a period of 90 days commencing November 20, 2016. A non-refundable digital marketing fee of US$125,000 ($161,200) 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.

(ii) On April 1, 2018, the Company entered into a consulting agreement for business advisory services for a period of 12 months. A non-refundable (unless termination is for cause) consulting fee of $125,000 is required as compensation for these services, of which $118,056 has been paid to the consultant. This agreement may be terminated by either party upon 60 days written notice.

(iii) On March 8, 2018, the Company entered into a marketing agreement for marketing and lead generation campaign services for a period of 12 months. A fee of $36,000 was paid to the marketer as compensation for these services.

(iv) On March 19, 2018, the Company entered into a marketing agreement for unlimited editorial coverage for a period of 12 months. A fee of $35,000 was paid to the marketer as compensation for these services.

4) EXPLORATION AND EVALUATION ASSETS

<u>Title Disclaimer</u>

As at October 31, 2018, 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 its mineral properties and, to the best of its knowledge; its properties are in good standing.

<u>Silver Cloud Project</u>

On October 27, 2017 the Company entered into a lease agreement (the "Lease") with Pescio Exploration, LLC ("Pescio" or 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 its successors and assigns, unless earlier terminated in accordance with the terms of the Lease.

(Expressed in Canadian dollars)

4) EXPLORATION AND EVALUATION ASSETS - CONTINUED

On March 22, 2018, the Company received approval from the TSX Venture Exchange for the arrangements with respect to the Lease.

To acquire and maintain the Lease in good standing, Blackrock:

(a) reimbursed the Lessor US$92,308 for the 2017 Bureau of Land Management ("BLM") fee;
(b) paid US$100,000 and issued 1,000,000 common shares of the Company to the Lessor at a price of $0.13 per share;
(c) paid US$100,000 in lease payments to the Lessor for year 1;
(d) must 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) must drill an additional 90,000 feet from years four to nine and 20,000 feet each subsequent year;
(f) must pay all BLM permit costs. The Company paid BLM fees of US$92,544 in 2018. The next BLM payment in the amount of US$92,544 is due on or before July 15, 2019; and
(g) must make additional payments to the Lessor of US$100,000 in year 2, US$150,000 in year 3, US$200,000 in year 4, US$250,000 in year 5, US$500,000 in year 6, US$750,000 in year 7 and US$1,500,000 per year starting in year 8. The next lease payment in the amount of US$100,000 is due on or before October 27, 2019.

The Company 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 the Company and described above will be credited cumulatively against the Company's commitments pursuant to the Gross Royalty. Furthermore, the Company has an 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.

NEVADA – Silver Cloud		October 31, 2017		Net Additions		October 31, 2018
Acquisition	$	-	$	661,898	$	661,898
Geology and Consulting		-		49,573		49,573
TOTAL	$	-	$	711,471	$	711,471

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. Prior to withdrawing from the agreement, the Company paid US$25,000.

DD Property

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 in cash and by incurring exploration expenditures totaling $200,000 (incurred). 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 was terminated. During the year ended October 31, 2017, the Company wrote off costs totalling $115,870 related to this project as management had no plans to complete any additional work on the property. The claims were allowed to lapse in 2018.

(Expressed in Canadian dollars)

4) EXPLORATION AND EVALUATION ASSETS - CONTINUED

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 paid $5,000 and incurred $50,000 in exploration expenditures. During the year ended October 31, 2017, the Company wrote off costs totalling $877,171 related to this project as management had no plans to complete any additional work on the property. These claims will be allowed to lapse as they come due between 2019 and 2021.

5) LOANS PAYABLE

Loans payable at October 31, 2018 and 2017 is comprised of the following:

		October 31, 2018		October 31, 2017
Related parties:				
Principal (i, iii, iv)	$	105,478	$	24,114
Interest		10,628		2,167
Repayment (v)		(26,888)		-
		89,218		26,281
Arms-length:				
Principal (ii, iii, iv)		19,983		789,878
Interest		1,480		96,794
Repayment (vi)		-		(30,000)
Gain on debt settlement (vi)		-		(856,672)
		21,463		-
Total	$	110,681	$	26,281

(i) On November 10 and 14, 2017, the Company entered into loan agreements with two current directors of the Company to borrow a total of $81,364 for a period of one year. Of this amount, $40,308 was a non-interest bearing advance at October 31, 2017 that was converted into a loan (see Note 7). As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of $0.07 per share for a period of 12 months. Subsequent to year end, these loans were extended for an additional six-month term expiring on May 10 and 14, 2019.

(ii) On November 27, 2017, the Company entered into a loan agreement with an arms-length party to borrow $19,983 for a period of one year. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of $0.07 per share for a period of 12 months.

(iii) These loans are unsecured and bear interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest is payable in full on maturity or upon demand after six months and can be prepaid in full or in part at any time without penalty. Overdue principal and accrued interest bear interest at 8% per annum.

(iv) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount has been allocated to the equity component.

(v) The principal balance of $24,114 and interest of $2,774 was repaid during the year.

5) LOANS PAYABLE - CONTINUED

(vi) In 2013, the Company entered into loan agreements with 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.

See Notes 6 and 7.

6) 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, 2018, the Company issued the following common shares:

(i) On March 14, 2018, the Company issued 12,810,000 Units at a price of $0.10 per Unit for gross proceeds of $1,281,000. Each Unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to acquire one share of the Company at a price of $0.20 until March 14, 2020. Finder fees of 7% were paid to PI Financial Corp. ($9,450) and Haywood Securities ($1,750) and additional share issue costs totalling $31,500 were paid. The following insiders of the Company acquired an aggregate of 5,970,000 Units: Belgravia Capital International Inc. (5,280,000 Units), Deepak Malhotra (250,000 Units), Alan Carter (250,000 Units), and Gregory Schifrin (190,000 Units).

(ii) On March 21, 2018, pursuant to the terms of the Lease with Pescio, the Company issued 1,000,000 common shares of the Company to Pescio at a price of $0.13 per share for a value of $130,000. The Company paid a finder's fee to David Sidder of Bermuda of 200,000 common shares of the Company at a price of $0.13 per share for a value of $26,000. See Note 4.

(iii) On April 4, 2018, the Company issued 400,000 common shares at a price of $0.10 per share to settle accounts payable of $40,000.

(iv) On May 3, 2018, the Company issued 140,000 common shares pursuant to the exercise of options for cash proceeds of $12,600.

(v) On October 23, 2018, the Company issued 6,000,000 Units at a price of $0.05 per Unit for gross proceeds of $300,000. Each Unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to acquire one share of the Company at a price of $0.10 until October 23, 2020. The following insiders of the Company acquired an aggregate of 4,700,000 Units: Belgravia Capital International Inc. (3,000,000 Units), Deepak Malhotra (1,000,000 Units), Alan Carter (500,000 Units), and Gregory Schifrin (200,000 Units)

(Expressed in Canadian dollars)

6) SHARE CAPITAL - CONTINUED

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 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. Finder's fees of $6,475 were paid to Canaccord Genuity Corp.

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

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, 2018 and the year ended October 31, 2017 is as follows:

	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	990,000	0.09	1,070,000	0.10
Granted	3,400,000	0.09	400,000	0.08
Exercised	(140,000)	0.09	-	-
Cancelled	(200,000)	0.075	(480,000)	0.10
Outstanding and Exercisable, end of the year	4,050,000	0.09	990,000	0.09

The options have a weighted average life of 3.30 (2017 – 3.96) years.

Expiry Date	Number of Options	Exercise Price
		$
April 13, 2019 (i)	150,000	0.09
November 10, 2019 (ii)	1,000,000	0.05
August 25, 2021	300,000	0.09
November 21, 2021	100,000	0.10
January 12, 2022	100,000	0.075
January 31, 2023	200,000	0.08
May 2, 2023	1,900,000	0.12
October 30, 2023	300,000	0.05

(i) These options were issued to a former CFO of the Company with an expiry date of August 25, 2021. Due to his resignation, the expiry date was accelerated to April 13, 2019.
(ii) These options were issued to the former CEO of the Company's subsidiary with an expiry date of October 29, 2023. Due to his unexpected death, the expiry date was accelerated to November 10, 2019.

(Expressed in Canadian dollars)

6) SHARE CAPITAL - CONTINUED

The fair value of the share-based payments expense for the year ended October 31, 2018 and the year ended October 31, 2017 as determined by the Black-Scholes option pricing model was estimated using the following assumptions:

	2018 (weighted average)	2017 (range)
Risk-free interest rate	2.37%	0.99% - 1.08%
Expected annual volatility	113.8%	106.43% - 107.70%
Expected life (years)	5	5
Dividend yield	0%	0%

The weighted average grant date fair value per option was $0.091 (2017 – $0.0845).

d) Warrants

The continuity of warrants for the Year ended October 31, 2018 and year ended October 31, 2017 is as follows:

	2018		2017	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
		$		$
Balance, beginning of the period	16,363,664	0.15	10,911,998	0.15
Issued	10,852,987	0.15	5,451,666	0.15
Expired	(10,911,998)	0.15	-	-
Outstanding, end of the period	16,304,653	0.15	16,363,664	0.15

The warrants have a weighted average life of 1.01 (2017 – 0.96) years.

Expiry Date	Number of Warrants	Exercise Price
		$
February 17, 2019 (i)	5,451,666	0.15
November 10 - 27, 2018 (Note 5)	1,447,987	0.07
March 14, 2020 (ii)	6,405,000	0.20
October 23, 2020 (iii)	3,000,000	0.10

(i) 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.

(ii) As for (i) except $0.40 per share.

(iii) As for (i) except $0.20 per share.

(Expressed in Canadian dollars)

7) 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, 2018, the Company owed $45,264 (October 31, 2017 - $69,642) to related parties as follows:

(i) $32,791 (2017 - $nil) to a company controlled by a former CEO of the Company for consulting fees;
(ii) $9,857 (2017 - $nil) to the President and CEO of the Company for management fees;
(iii) $2,616 (2017 - $nil) to the former interim CEO of the Company for salary;
(iv) $nil (October 31, 2017 - $40,308) to a director of the Company for a non-interest bearing advance. In November 2017, this advance was converted to a loan (see Note 5);
(v) $nil (2017 - $1,709) to a former President and CEO of the Company for miscellaneous expenditures paid on behalf of the Company;
(vi) $nil (2017 - $25,000) to a former CEO of the Company for consulting fees; and
(vii) $nil (2017 - $2,625) to a company controlled by a former CFO of the Company.

During the year ended October 31, 2018, the Company incurred interest expense of $8,461 (2017 – $2,167) on loans payable to directors of the Company and issued 1,162,273 bonus warrants in respect of these loans (see Note 5).

10,670,000 of the Units issued by the Company in 2018 were issued to insiders of the Company (see Note 6).

Key Management Compensation

During the year ended October 31, 2018, the Company paid or accrued compensation to key management, or companies controlled by them, totalling $355,325 (2017 - $75,000). Of this amount, $32,791 (2017 - $nil) was for consulting fees to the former CEO of the Company's subsidiary, $102,478 (2017 - $45,000) was for management fees to the CEO (2017 – two former CEOs) of the Company, $133,056 (2017 - $30,000) was for two former CFOs (2017 – the CFO) of the Company and $87,000 (2017 – n/a) was for salary to the former interim CEO and corporate secretary of the Company. On April 1, 2018, the Company entered into a management services agreement for CFO and accounting services for a period of 12 months. $118,056 of the contract amount of $125,000 was paid during the year and the entire amount was expensed when the contractor resigned. The other amounts are incurred on a month-by-month basis.

During the year ended October 31, 2018, $297,000 (2017 - $33,780) in share-based payments was in respect of officers and directors of the Company.

8) INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended October 31, 2018 and 2017 is as follows:

	2018	2017
Net loss for the year	$ 1,148,042	$ 818,397
Effective statutory rate	26.83%	26.00%
Expected income tax recovery	308,058	212,783
Net effect of deductible and non-deductible amounts	(71,573)	(51,659)
Change in valuation allowance	(236,485)	(161,124)
	$ -	$ -

(Expressed in Canadian dollars)

8) INCOME TAXES - CONTINUED

The significant components of the Company's deferred income tax assets at October 31, 2018 and 2017 are as follows:

	2018	2017
Deferred tax assets:		
Exploration and evaluation assets	$ 761,396	$ 838,424
Non-capital loss carry-forwards	2,780,000	1,831,000
Capital loss carry-forwards	409,611	409,611
Equipment	16,112	16,112
Share issue costs	52,925	27,499
Total deferred tax assets	$ 4,020,044	$ 3,122,646

The Company did not realize the deferred tax asset for the year ended October 31, 2018 as it was unlikely to be realized.

The Company has non-capital losses of approximately $2,780,000 expiring in stages to 2038 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	715,000
2038	856,000
	$ 2,780,000

The Company has Canadian resource pools of approximately $1,473,000 and capital losses of approximately $819,000 at October 31, 2018.

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 the following:

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, 2018, the Company had cash of $210,029 to settle current liabilities of $185,297. The Company is subject to significant liquidity risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar; however there are expenses, assets, and liabilities in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

11) COMMITMENTS

Commitments related to the Silver Cloud project are disclosed in Note 4. The Company has no other commitments that extend more than 12 months into the future.

12) SUBSEQUENT EVENTS

The following transactions occurred subsequent to the year-end:

(i) On November 10, 2018, the CEO of the Company's subsidiary was tragically killed in an accident. As a result, a payment of US$7,000 became payable under his employment agreement.

(ii) On November 28 and 29, 2018, the Company entered into loan extension agreements with two directors of the Company, extending the loans for an additional six month term expiring on May 10 and 14, 2019. The number of bonus warrants to be issued with respect to the extension agreements has not yet been determined. See Note 5.

(iii) On January 14, 2019, the Company entered into a loan agreement with a director of the Company, to borrow US$25,000 on the same terms and conditions as the loans described in Note 5. As further consideration for advancing the loan, the Company will issue bonus warrants exercisable at a price of CAD$0.05 per share for a period of 12 months. The number of bonus warrants to be issued has not yet been determined.