INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

Financial report

Years ended on December 31, 2017 and 2016

INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

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MNP SENCRL srl / LLP

Independent Auditors' Report

To the Shareholders of International Prospect Ventures Ltd. (formerly Uranium Valley Mines Ltd.):

We have audited the accompanying financial statements of International Prospect Ventures Ltd. (formerly Uranium Valley Mines Ltd.), which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Prospect Ventures Ltd. (formerly Uranium Valley Mines Ltd.) as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP SENCRL, srl [1]

Montréal, Québec

April 2, 2018

[1] CPA auditor, CA, public accountancy permit No. A126822

INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

STATEMENTS OF FINANCIAL POSITION

As at			(in Canadian dollars)
	Notes	December 31, 2017	December 31, 2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	801,117	531,552
Sales taxes recoverable		32,539	3,166
Prepaid expenses and deposits		85,688	215
Advance to a director, bearing no interest, repayable on demand		29,834	-
		949,178	534,933
Non-current assets			
Exploration and evaluation assets	7	97,844	14,474
Total assets		1,047,022	549,407
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		105,312	26,449
Liability component related to flow-through units	8	-	19,941
Total liabilities		105,312	46,390
EQUITY			
Share capital	8	3,330,832	2,465,310
Contributed surplus	9	228,048	1
Warrants	8	-	184,009
Deficit		(2,617,170)	(2,146,303)
Total equity		941,710	503,017
Total liabilities and equity		1,047,022	549,407

Going Concern (Note 2)

Subsequent event (Note 16)

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

These financial statements were approved and authorized for issue by the Board of directors on April 2, 2018.

"Glenn J. Mullan"	*"Dr. C. Jens Zinke"*
(signed Glenn J. Mullan)	(signed C. Jens Zinke)
Director	Director

INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Years ended December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	December 31, 2017	December 31, 2016
		$	$
Operating expenses			
Audit and accounting fees		43,108	26,985
Legal fees		101,246	11,525
Consultant fees		10,093	4,723
Regulatory and transfer agent fees		33,173	23,137
Investor relations fees		14,583	-
Shareholders' information		5,487	237
Office expenses and other		11,869	5,855
Travel and entertainment		1,961	204
Exploration and evaluation expenses		(234)	16,208
Share-based payments	9	228,047	-
Settlement fee	16	60,000	-
Operating loss		509,333	88,874
Other expenses (income)			
Interest income		-	(130)
Interest expense		1,201	116
Foreign exchange loss		884	-
Reversal of liability component related to flow-through units	8	(19,941)	-
		(17,856)	(14)
Net loss and total comprehensive loss		491,477	88,860
Basic and diluted net loss per common share		0.024	0.007
Weighted average number of common shares outstanding		20,626,561	13,044,078

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

INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	Share capital		Contributed Surplus	Warrants	Deficit	Total
		Number	$	$	$	$	$
Balance on January 1st, 2016		11,233,331	2,104,406	1	-	(2,057,443)	46,964
Issuance of units under a private placement	8	6,783,333	385,683	-	174,317	-	560,000
Issuance of flow-through units under a private placement	8	291,666	14,292	-	767	-	15,059
Issuance of units as part of a finder's fee payment	8	346,666	19,275	-	8,925	-	28,200
Issuance costs	8	-	(58,346)	-	-	-	(58,346)
Net loss and comprehensive loss		-	-	-	-	(88,860)	(88,860)
Balance on December 31, 2016		18,654,996	2,465,310	1	184,009	(2,146,303)	503,017
Issuance of shares as part of an option mining agreement	8	66,667	8,000	-	-	-	8,000
Exercise of warrants	8	6,381,465	865,949	-	(163,399)	-	702,550
Expired warrants	8	-	-	-	(20,610)	20,610	-
Issuance costs	8	-	(8,427)	-	-	-	(8,427)
Share-based payments	9	-	-	228,047	-	-	228,047
Net loss and comprehensive loss		-	-	-	-	(491,477)	(491,477)
Balance on December 31, 2017		25,103,128	3,330,832	228,048	-	(2,617,170)	941,710

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

INTERNATIONAL PROSPECT VENTURES LTD.

(formerly Uranium Valley Mines Ltd.)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	December 31, 2017	December 31, 2016
		$	$
OPERATING ACTIVITIES			
Net loss		(491,477)	(88,860)
Non-cash profit or loss items			
Share-based payments	9	228,047	-
Reversal of liability component related to flow-throught units	8	(19,941)	-
		(283,371)	(88,860)
Change in non-cash working capital items			
Sales taxes recoverable		(29,373)	(2,846)
Prepaid expenses and deposits		(85,473)	5,491
Accounts payable and accrued liabilities		76,981	24,280
		(37,865)	26,925
Net cash related to operating activities		(321,236)	(61,935)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	7	(73,488)	(2,749)
Advance to a director		(29,834)	-
Net cash related to investing activities		(103,322)	(2,749)
FINANCING ACTIVITIES			
Issuance of shares and/or units	8	702,550	595,000
Issuance costs	8	(8,427)	(30,146)
Net cash related to financing activities		694,123	564,854
Increase in cash		269,565	500,170
Cash and cash equivalents, beginning of year		531,552	31,382
Cash and cash equivalents, end of year		801,117	531,552
Interest received		-	130

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

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Uranium Valley Mines Ltd (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Quebec, Canada J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-D'Or, Quebec, J9P 0B9.

On October 26, 2017, the Company changed its name to International Prospect Ventures Ltd. In addition, the Company has also received Exchange acceptance for its common shares to graduate from NEX and commence trading on Tier 2 of the TSX Venture Exchange. Effective on or about October 27, 2017, the Company's common shares will commence trading on Tier 2 of the TSX Venture Exchange under the trading symbol "IZZ" (previously trading on NEX under symbol VZZ.H).

NOTE 2. GOING CONCERN

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements

The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on a historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in Canada.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized in the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's cash and cash equivalents and the advance to a director are classified in this category. They are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying value and the collection value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented in current assets when they are recoverable within 12 months of the end of the period; otherwise they are classified as non-current assets.

If there is objective evidence of an impairment loss, the amount of the loss is equal to the difference between the carrying value of the asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying value of the asset is reduced by using an allowance account.When assets are deemed to be uncollectible, they are written off against the allowance account. When the amount of the impairment loss decreases in a subsequent period and when this decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal is limited to the amortized cost that would have been obtained at the date of impairment reversal had the impairment not been recognized. The amount of impairment loss and the amount of the reversal are recognized in profit or loss.

Impairment of financial assets

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. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities at amortized cost

Financial liabilities at amortized cost represent financial liabilities not held for trading. Accounts payable and accrued liabilities are classified in this category. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented as current liabilities when they are repayable within 12 months following the end of the period; otherwise, they are classified as non-current liabilities.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restauration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At December 31, 2017 and 2016, there is no provision in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it hold an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Impairment of exploration and evaluation assets
For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating units in prior year.

Equity
Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unit placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between shares, warrants and other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants according to their fair value at the date of issuance and the residual proceeds are allocated to other liability. The liability component recorded initially on the issuance of shares is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised. Upon expiry, the fair value initially recorded under contributed surplus is transferred to deficit.

Warrants includes fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

Deficit includes all current and prior period retained profits and losses. Deficit also include charges related to warrants and stock options expired.

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan do not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Warrants, in equity.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

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

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding stock options as at December 31, 2017 (warrants and stock options for the year ended December 31, 2016).

NOTE 4. FUTURE CHANGES IN ACCOUNTING POLICIES

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

Management anticipates that all of the pronouncements will be adopted in the Company accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 9, Financial instruments
The IASB previously published versions of IFRS 9, Financial instruments that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounthing model in 2013. In July 2014, the IASB released the final version of IFRS 9, Financial instruments which replaces earlier versions of IFRS 9 issued and completes IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement.

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exceptions. Early adoption is permitted. The restatement for the classification and assessment presented for prior periods, particularly with respect to impairment is not required. The Company is currenty assessing the impact of adoption of IFRS 9 on its financial statements, and does not expect any significant impact other than disclosures in the financial statements.

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Judgements
The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets and measurement of income tax expense
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Going concern
The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonnable according to the circumstances. Please refer to Note 2 for further information.

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

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information become available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Management judged that there's no impairment required on the Porcupine Miracle Prospects. The Company's market capitalization is superior to its net assets carrying value. Claims will not expire in the near future and the Company can thus pursue exploration activities on this property after raising additional capital.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. Given the limited trading history of the Company's common shares, the expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the warrants. These estimates may not necessarily be indicative of future actual patterns.

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of stock options granted and the time of exercise of those stock options. Given the limited trading history of the Company's common shares, the expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the stock options.

NOTE 6. CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash	751,117	496,552
Cash held for exploration and evaluation expenses	-	35,000
Demand deposit, 0,90%, expiring on October 25, 2018	50,000	-
	801,117	531,552

The cash held for exploration and evaluation expenses represented the balance on flow-through financing for which the Company fulfilled its obligation and incurred exploration and evaluation expenses in 2017.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 7. EXPLORATION AND EVALUATION ASSETS

The following tables presents a summary of exploration and evaluation assets by property:

	Balance as at January 1, 2016	Additions	Balance as at December 31, 2016	Additions	Balance as at December 31, 2017
	$	$	$	$	$
Porcupine Miracle Prospect (Ontario)	11,725	2,749	14,474	83,370	97,844
	11,725	2,749	14,474	83,370	97,844

The following table presents the additions to exploration and evaluation assets by property:

	December 31, 2017	December 31, 2016
	$	$
Acquisition and claim maintenance	8,152	50
Consultant fees	-	2,027
Geophysics	49,899	-
Geology	14,738	724
Other fees	581	-
Royalty advance payment	10,000	-
Government assistance	-	(52)
	83,370	2,749

Porcupine Miracle Prospect - Landmuir Township, Ontario

On July 3, 2014, and amended on July 4, 2016, the Company entered into a Mining Option Agreement with 2973090 Canada Inc., ("2973090") pursuant to which the Company had the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is comprises of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option, the Company will issue 200,000 common shares as follows: 66,666 common shares upon signature (issued on July 25, 2014 at a price of $0.10 per share), 66,667 common shares on July 17, 2015 (issued on July 17, 2015 at a price of $0.05 per share) and 66,667 common shares on July 17, 2017 (issued on July 13, 2017 at a price of $0.12 per share). In order to exercise the option, the Company is required to incur exploration expenditures of $50,000 by July 17, 2017 (completed) and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Unless the Option has then lapsed or been terminated, an advance royalty payment of $10,000 per annum will be payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

On July 13, 2017, the Company fulfilled all commitments and therefore acquired a 100% interest in the Porcupine Miracle Prospect.

Otish/Mistassini Prospect - North Central Quebec

The Company owns a 100% interest in the Otish/Mistassini Prospect which comprises 51 mining claims located in the province of Quebec. This property was impaired in a previous fiscal year.

NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

Beartooth Island Prospect - Athabaska Basin, Saskatchewan

On March 31, 2011, the Company acquired Golden Valley's 40% interest in the Beartooth Island Prospect which comprises 4 mining claims. This property is the object of an agreement with Ditem. Ditem can acquire an additional 6% interest in the property by advising the Company of its intent to complete and by completing a feasibility study at its sole cost within the period of 6 years from the operative date, subject to and in accordance with the terms of the agreement. Following the final vesting, the Company will retain an aggregate of 34% undivided interest in the property. As of the date here of the Company retains a 40% interest therein on 2 mining claims; Ditem is the operator. Since the operator was not planning any work in the near future, the Company recognized an impairment in a previous fiscal year.

NOTE 8. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Transaction on share capital

2016

On September 23, 2016, the Company closed a non-brokered private placement offering for gross proceeds of $390,000 as follows:

The Company issued 291,666 flow-through units (the ''FT Units'') at a per FT Unit price of $0.12 for gross proceeds of $35,000, each FT Unit consisting of one common share in the capital of the Company issued on a flow-through basis under the Canada Income Tax Act and one-half of one non-transferable non-flow-through common share purchase warrant, each whole warrant entitling the holder to purchase one non-flow-through common share in the capital of the Company at a per share price of $0.15 until September 23, 2017. The fair value of the 145,833 warrants was estimated at $0.005 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 100%, a risk-free interest rate of 0.52%, an expected unit life of 1 year, no expected dividend yield and a share price at date of grant of $0.05. As a result, the warrants were valued at $767 and recorded under Warrants in the statement of changes in equity. Also, an amount of $19,941 was attributed to the liability component related to the flow-through shares and recorded as such in liabilities.

The Company also issued 4,733,333 units (the ''Units'') at a per Unit price of $0.075 for gross proceeds of $355,000, each Unit consisting of one non-flow-through common share in the capital of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one common share in the capital of the Company at a per share price of $0.10 until September 23, 2017. The fair value of the 4,733,333 warrants was estimated at $0.026 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 100%, a risk-free interest rate of 0.52%, an expected unit life of 1 year, no expected dividend yield and a share price at date of grant of $0.15. As a result, the warrants were valued at $123,067 and recorded under Warrants in the statement of changes in equity.

In connection with the above financing, the Company paid finder's fees to various parties with the issuance of an aggregate of 258,666 common shares at a deemed price per share of $0.075 in satisfaction of an aggregate $19,400 representing 8% of the purchase proceeds received from subscribers introduced to the Company by the finders and 258,666 non-transferable finders warrants entitling the purchase of an aggregate 258,666 common shares at a price of $0.10 per share until September 23, 2017, representing 8% of the number of Units placed with the assistance of the finders. When granted, the fair value of the 258,666 non-transferable finders warrants of $6,725, issued as compensation warrants to settle finder's fees, was established based on the value of the service received and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees in relation with the private placement of $20,132.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 8. SHARE CAPITAL (Continued)

On October 31, 2016, the Company closed a non-brokered private placement offering by issuing 2,050,000 units (the ''Units'') at a per Unit price of $0.10 for gross proceeds of $205,000, each Unit consisting of one non-flow-through common share in the capital of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one common share in the capital of the Company at a per share price of $0.13 until October 31, 2017. The fair value of the 2,050,000 warrants was estimated at $0.025 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 100%, a risk-free interest rate of 0.55%, an expected unit life of 1 year, no expected dividend yield and a share price at date of grant of $0.12. As a result, the warrants were valued at $51,250 and recorded under Warrants in the statement of changes in equity.

In connection with the financing, the Company paid a finder's fee of $1,600 in cash, issued an aggregate 88,000 common shares at a deemed per share price of $0.10 for $8,800 representing 8% of the purchase proceeds received from subscribers introduced to the Company by the finders and issued 104,000 non-transferable finders warrants entitling the purchase of an aggregate 104,000 common shares of the Company at a per share price of $0.13 until October 31, 2017, representing 8% of the number of units placed with the assistance of the finders. When granted, the fair value of the 104,000 non-transferable finders warrants of $2,200, issued as compensation warrants to settle finder’s fees, was established based on the value of the service received and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees in relation with the private placement of $8,414.

Given the limited trading history of the Company's common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the warrants. No special features inherent to the warrants granted were incorporated into measurement of fair value.

2017

On May 23, 2017, a total of 1,400,000 warrants were exercised at a price of $0.10 per share for total proceeds of $140,000. The fair value of $36,400 initially recorded under warrant reserve was transferred to share capital.

On July 13, 2017, the Company issued 66,667 common shares at a price of $0.12 per share for a total value of $8,000 as part of the Mining Option Agreement on the Porcupine Miracle Prospect (Note 7).

On September 28, 2017, a total of 2,834,665 warrants were exercised at a price of $0.10 per share for total proceeds of $283,466. The fair value of $73,701 initially recorded under warrant reserve was transferred to share capital.

On November 3, 2017, a total of 2,146,800 warrants were exercised at a price of $0.13 per share for total proceeds of $279,084. The fair value of $53,298 initially recorded under warrant reserve was transferred to share capital.

Warrants

The following table shows the changes in warrants:

		December 31, 2017		December 31, 2016
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	7,291,832	0.11	-	-
Issued	-	-	7,291,832	0.11
Exercised	(6,381,465)	0.11	-	-
Expired	(910,367)	0.10	-	-
Outstanding, end of year	-	-	7,291,832	0.11

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 8. SHARE CAPITAL (Continued)

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	December 31, 2017		December 31, 2016	
Expiration date	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	$		$	
September 23, 2017	-	-	0.10	4,991,999
September 23, 2017	-	-	0.15	145,833
October 31, 2017	-	-	0.13	2,154,000
		-		7,291,832

NOTE 9. SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange.

All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

The Company's stock options are as follows for the reporting periods presented:

	December 31, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	-	-	-	-
Granted	2,510,000	0.10	-	-
Outstanding and exercisable, end of year	2,510,000	0.10	-	-

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 9. SHARE-BASED PAYMENTS (Continued)

The fair value of the stock options granted of $0.09 has been estimated on the date of issue, using the Black-Scholes valuation model with the following weighted average assumptions:

	December 31, 2017
Share price at date of grant	$0.09
Expected dividend yield	- $
Expected volatility	139 %
Risk-free interest rate	1.73 %
Expected life	10 years
Exercise price at the date of grant	$0.10

Given the limited trading history of the Company's common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

During the year ended December 31, 2017, a share-based compensation of $228,047 ($nil for the year ended December 31,2016) was recorded in the statement of loss and comprehensive loss.

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiry date	Exercise price	Number of options
	$	
July 10, 2027	0.05	1,915,000
December 12, 2027	0.265	595,000
		2,510,000

NOTE 10. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	2017	2016
	$	$
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(65,925)	(18,265)
Deferred tax expense arising from the write-down of a deferred tax asset	65,925	18,265
Total deferred tax expense (income)	-	-
Total income tax expense (income)	-	-

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 10. INCOME TAXES (Continued)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

	2017	2016
	$	$
Loss before income taxes	(491,477)	(88,860)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.80% (26.90% in 2016)	(131,716)	(23,903)
Impact of change in tax rates	850	5,249
Share-based payments	61,117	-
Impact of renounciation of flow-through units	8,590	-
Other	(4,766)	389
Change in unrecognized temporary differences	65,925	18,265
Deferred income tax expense (income)	-	-

The federal corporate tax of 15% in 2017 is the same as the corporate tax rate in 2016. The Quebec general corporate tax rate will decrease from 11.90% to 11.50% beginning January 1 of each year from 2017 to 2020.

Unrecognized deferred tax assets and liabilities

As at December 31, 2017 and 2016, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

	2017		2016	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Issuance costs	41,749	41,749	46,677	46,677
Exploration and evaluation assets	820,817	820,817	855,453	855,453
Non-capital losses	854,167	853,843	557,445	557,015
	1,716,733	1,716,409	1,412,898	1,412,468

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2017, deferred tax assets totalling $454,897 ($386,739 at December 31, 2016) have not been recognized.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 10. INCOME TAXES (Continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
	$	$
2030	486	486
2031	96,634	96,634
2032	186,377	186,377
2033	62,075	62,075
2034	66,156	66,156
2035	61,396	61,220
2036	84,321	84,321
2037	296,722	296,574
	854,167	853,843

The Company has investment tax credit carryovers of $279 ($279 in 2016) that expire between 2031 and 2033, which are available to reduce income taxes payable in future

NOTE 11. RELATED PARTY TRANSACTIONS

Transactions with a shareholder

On October 1, 2010 the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a chief financial officer and investors relations services to the Company in consideration of $96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011 (the "Trading Date").

From January 1, 2013 to December 31, 2017, Golden Valley has agreed to suspend the charges of the management fees to enable the Company to conserve cash for its operations. Therefore no management fees were paid for the year ended December 31, 2016 and 2017.

The Management Agreement is for an initial term of two years commencing on the Trading Date, and will be automatically renewed after the initial term for successive period of 12 months. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve-month written notice. The Management Agreement provides for the Fee to be reviewed on an annual basis.

The Company entered into an amending agreement (an "Amending Agreement") with Golden Valley dated as of May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that:

- if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control;
- if the Company terminates the Management Agreement within twelve months of the change of control; or
- if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control,

Then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

NOTE 11. RELATED PARTY TRANSACTIONS (Continued)

Golden Valley shall be entitled to terminate the Management Agreement at any time giving to the Company at least 30 days prior notice in writing as long as the fee is not being paid to Golden Valley.

As described in Note 16, the Company entered into a Termination Agreement with Golden Valley dated as of January 1, 2018 under which Golden Valley agrees to terminate the Management Agreement effective January 1, 2018 in exchange of a settlement fee of $60,000 payable as consideration for its failure to pay the management fees since January 1, 2013. The Company accrued that settlement fee at December 31, 2017 because management considers that the conditions leading to that Termination Agreement existed at December 31, 2017.

During the year ended December 31, 2017, Golden Valley recharged some expenses to the Company for a total amount of $50,754; $4,326 was capitalized as exploration and evaluation assets and $46,428 was recorded in the statement of loss and comprehensive loss ($5,092 for the year ended December 31, 2016, $2,802 was capitalized as exploration and evaluation assets and $2,290 was recorded in the statement of loss and comprehensive loss).

As at December 31, 2017, the Company had a balance payable of $103,911 ($9,606 at December 31, 2016) to Golden Valley included in accounts payable and accrued liabilities .

Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer ("CFO").

On September 23, 2016, the Company completed a non-brokered private placement offering for gross proceeds of $390,000. The Chief Executive Officer and one director of the Company have subscribed to purchase a total of 958,332 Units. In addition, an investor related to Lexam VG Gold Inc, the Company's second largest shareholder, has subscribed a total of 666,667 Units. The Company also issued 58,666, shares in payment of finder's fees of $4,400 and issued 58,666 finder's fee warrants entitling the purchase of 58,666 of its common shares at a per share price of $0.10 until September 23, 2017, to an individual related to the Chairman of the Board of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes valuation model at $1,525. For additional information please refer to Note 8.

On October 31, 2016, the Company closed a non-brokered private placement offering by issuying 2,050,000 units (the ''Units'') at a per Unit price of $0.10 for gross proceeds of $205,000. In connection with this private placement, the Company issued 40,000 shares in payment of finder's fees of $4,000 and issued 40,000 finder's fee warrants entitling the purchase of 40,000 of its common shares at a per share price of $0.13 until October 31, 2017, to an individual related to the Chairman of the Board of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes valuation model at $846. For additional information please refer to Note 8.

For the year ended December 31, 2017, the CFO charged the Company for consulting services for $30,000 which are included under Audit and accounting fees in the statement of loss and comprehensive loss. In 2016, such services were rendered by Golden Valley under the management services agreement described above.

During the year ended December 31, 2017, the Company granted stock options to directors and officers to purchase an aggregate 2,200,000 common shares of the Company. The Company recorded share-based payments of $206,131 as part of this transaction.

During the year ended December 31, 2017, as part of a Mining Option Agreement signed on the Porcupine Miracle Prospect, the Company issued a total of 66,667 common shares of the Company valued at $8,000 and paid an advance royalty payment of $10,000 to 2973090 Canada Inc., a company controlled by the president.

During the year ended December 31, 2017, the Company has advance an amount of $29,834 to a director as part of the acquisition of the tenements as disclosed in Note 15.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 11. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

During the year ended December 31, 2017, an individual related to the president exercised 1,265,332 warrants at a price of $0.10 and $0.13 per warrant for total proceeds of $142,733.

During the year ended December 31, 2017, the Company recharged a total of $19,200 in exploration and evaluation expenses to Val-D'Or Mining Corporation, a related company. These exploration and evaluation expenses were incurred on the Abitibi Greenstone Belt prospect as part of the Mining Option Agreement signed with Golden Valley which was terminated in February 2017.

NOTE 12. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

		December 31, 2017		December 31, 2016
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	801,117	801,117	531,552	531,552
Advance to a director	29,834	29,834	-	-
	830,951	830,951	531,552	531,552
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	105,312	105,312	26,449	26,449

The carrying value of cash and cash equivalents, advance to a director and accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTE 12. FINANCIAL ASSETS AND LIABILITIES (Continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between Level 1 and 2 in the reporting periods.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

NOTE 13. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale. 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. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

NOTE 14. FINANCIAL RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows.

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the cash and cash equivalents and the advance to a director for total amounts of $830,951 at December 31, 2017 and $531,552 at December 31, 2016. The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's existing cash resources significantly exceed the current cash outflow requirements.

NOTE 15. COMMITMENTS

The Company entered into a Management Agreement described in Note 11.

The Company entered into a consulting agreement with the CFO which will call for a monthly fee of $2,500.

Valroc PTY Ltd.

On September 21, 2017, the Company entered into an agreement with Valroc PTY Ltd. ("Valroc"), a New South Wales company, located in Australia, pursuant to which the Company and Valroc will jointly acquire certain mining claims located in Western Australia, each with an undivided 50% interest. Valroc will be responsible for arranging to have had the claims acquired, registered and held in good standing. The Company will pay all of the costs of acquiring the claims, and other related costs including the costs of initial technical compilations and program reviews up to a maximum of $120,000 to allow the Company and Valroc to consider establishing a proper joint venture arrangement on or around December 31, 2017. The Company and Valroc have staked eight tenements to date, in an area southeast of Karratha, Western Australia, covering a total area of approximately 927 square kilometres for a total amount of $72,795 which is recorded as a deposit in the statement of financial position. In addition, the Company has advance an amount of $29,834 to the owner of Valroc who is also a director of the Company, as part of the acquisition of the tenements. This amount is reflected as an advance to a director in the statement of financial position.

On December 12, 2017, the Company and Valroc entered into a binding share exchange agreement ("Valroc agreement") to acquire 100% interest in Valroc. Pursuant to the terms of the Valroc agreement, the owner of Valroc will exchange with the Company all of the issued and outstanding shares of Valroc for 1,600,000 common shares of the Company on the terms and conditions set forth in the Valroc agreement and Valroc will become a wholly owned subsidiary of the Company such that the Company will then own a 100% interest in the tenements upon the applications for such tenements being granted. Completion of the transactions contemplated by the Valroc agreement is conditional on the applications for the tenements being granted and acceptance by the TSX Venture Exchange.

The acquisition of Valroc does not meet the definition of a business combination under IFRS 3 Business Combinations as the primary assets acquired are the tenements. Accordingly, the purchase of Valroc's net assets will be an equity-settled share-based payment under IFRS 2 Share-based Payment once the conditions under the Valroc agreement are met.

In accordance with IFRS 2, equity instruments from this transaction will be recognized at fair value of net assets acquired. Net assets acquired consist in eight tenements which will be measured at the amount of the excess of the fair value of equity instruments deemed issued to Valroc at the time of completion and Valroc's net assets acquired.

NOTE 16. SUBSEQUENT EVENT

On January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which Golden Valley agrees to terminate the Management Agreement, effective January 1, 2018, in exchange of a settlement fee of $60,000.