Consolidated Financial Statements of

AURION RESOURCES LTD.

December 31, 2018 and 2017

AURION RESOURCES LTD.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aurion Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Aurion Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Glenn Parchomchuk.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada — Chartered Professional Accountants

April 24, 2019

AURION RESOURCES LTD.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at December 31, 2018	As at December 31, 2017
	$	$
ASSETS		
CURRENT		
Cash	**1,475,556**	11,769,799
Short-term investments (Note 6)	**7,625,533**	7,619,425
Reclamation deposit	**125,841**	52,204
Receivables (Note 7)	**772,500**	367,373
Prepaid expenses	**133,303**	120,364
Marketable securities (Note 5)	**1,197,000**	481,150
	11,329,733	20,410,315
EXPLORATION AND EVALUATION ASSETS (Note 8)	**14,546,944**	6,503,915
PROPERTY AND EQUIPMENT (Note 9)	**210,431**	143,293
	26,087,108	27,057,523
LIABILITIES		
CURRENT		
Trade payables and accrued liabilities	**839,986**	465,686
NON-CURRENT		
Deferred share unit liability (Note 11)	**22,477**	-
SHAREHOLDERS' EQUITY (Note 11)	**25,224,645**	26,591,837
	26,087,108	27,057,523

BASIS OF PREPARATION (Note 2)
SUBSEQUENT EVENTS (Note 15)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON April 24, 2019:

"Richard Graham" Director *"Michael Basha"* Director

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the year ended December 31, 2018	For the year ended December 31, 2017
	$	$
INCOME		
Interest income	**229,617**	113,363
Administration fee income	**16,748**	-
	246,365	113,363
EXPENSES		
Share-based payments (Notes 11 and 14)	**1,327,470**	3,451,032
Wages and benefits (Note 14)	**825,978**	636,200
General and administrative	**647,257**	466,872
Professional fees	**201,051**	143,044
Depreciation (Note 9)	**99,248**	28,728
Accounting	**98,582**	77,962
Write-down of exploration and evaluation assets (Note 8)	**76,250**	141,491
Consulting fees	**22,585**	38,800
Property investigation costs	**13,270**	-
Interest and bank charges	**7,265**	9,468
Unrealized gain on marketable securities (Note 5)	**(167,000)**	(119,198)
Gain on sale of marketable securities (Note 5)	**(121,663)**	-
Foreign exchange (gain) loss	**(2,643)**	340
	(3,027,650)	(4,874,739)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**(2,781,285)**	(4,761,376)
LOSS PER COMMON SHARE - BASIC AND DILUTED	**(0.04)**	(0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	**69,249,557**	62,838,975

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	Share capital $	Warrants $	Share-based payment reserve $	Expired stock options and warrants reserve $	Deficit $	Total equity $
Balance, December 31, 2016	55,277,391	10,679,466	-	368,888	3,294,203	(10,714,495)	3,628,062
Total comprehensive loss for December 31, 2017						(4,761,376)	(4,761,376)
Shares issued for private placements	12,637,497	24,576,116	-	-	-	-	24,576,116
Shares issued for property acquisition	83,072	139,910	-	-	-	-	139,910
Exercise of stock options	900,000	199,360	-	(54,360)	-	-	145,000
Exercise of finders' warrants	25,748	72,660	(34,037)	-	-	-	38,623
Share-based payments	-	-	-	3,451,032	-	-	3,451,032
Share issuance costs	-	(1,083,793)	458,263	-	-	-	(625,530)
Balance, December 31, 2017	68,923,708	34,583,719	424,226	3,765,560	3,294,203	(15,475,871)	26,591,837
Balance, December 31, 2017	68,923,708	34,583,719	424,226	3,765,560	3,294,203	(15,475,871)	26,591,837
Total comprehensive loss for December 31, 2018						(2,781,285)	(2,781,285)
Expiry of stock options	-	-	-	(314,280)	314,280	-	-
Exercise of stock options	460,000	181,257	-	(72,157)	-	-	109,100
Share-based payments	-	-	-	1,304,993	-	-	1,304,993
Balance, December 31, 2018	69,383,708	34,764,976	424,226	4,684,116	3,608,483	(18,257,156)	25,224,645

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended December 31, 2018	For the year ended December 31, 2017
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,781,285)**	(4,761,376)
Items not affecting cash:		
Depreciation	**99,248**	28,728
Accrued interest income	**(133,330)**	(59,425)
Unrealized gain on marketable securities	**(167,000)**	(119,198)
Gain on sale of marketable securities	**(121,663)**	-
Share-based payments	**1,327,470**	3,451,032
Write-down of exploration and evaluation assets	**76,250**	141,491
Changes in non-cash operating working capital (Note 12)	**(80,209)**	(184,972)
	(1,780,519)	(1,503,720)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures, net	**(8,724,836)**	(4,302,127)
Interest income received	**67,222**	53,939
Short-term investments	**60,000**	(7,087,192)
Reclamation deposit	**(73,637)**	(22,164)
Purchase of property and equipment	**(166,386)**	(169,808)
Proceeds from sale of marketable securities	**214,813**	-
	(8,622,824)	(11,527,352)
FINANCING ACTIVITIES		
Proceeds from issuance of share capital - net	**109,100**	24,134,209
INCREASE (DECREASE) IN CASH	**(10,294,243)**	11,103,137
CASH, BEGINNING OF YEAR	**11,769,799**	666,662
CASH, END OF YEAR	**1,475,556**	11,769,799

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 12)

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Aurion Resources Ltd. (the "Company") was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and listed on the TSX Venture Exchange (the "Exchange") on October 3, 2008. The Company has its registered head office at 1900, 520-3rd Avenue S W, Calgary, Alberta, Canada, and its principal office is 120 Torbay Road, Suite W240, St. John's, Newfoundland and Labrador, Canada. The Company and its wholly-owned subsidiaries, are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland. The Company plans to ultimately develop the properties, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

These consolidated financial statements (the "financial statements") for the year ended December 31, 2018 were authorized for issuance by the Board of Directors of the Company on April 24, 2019.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of consolidation and presentation

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly owned subsidiaries: Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB, Aurion Resources Oy and FennoEx Oy. All inter-company transactions and balances have been eliminated upon consolidation.

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company does not have any proven economically recoverable reserves, has continuous losses, and at December 31, 2018, the Company had an accumulated deficit of $18,257,156 (December 31, 2017 - $15,475,871). However, management has assessed that the working capital is sufficient for the Company to continue as a going concern beyond one year. The success of the Company and the recoverability of exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to fund and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The Company's ability to raise additional funds is dependent on favourable conditions in equity and alternative investment markets, which are volatile and subject to significant uncertainty.

The amounts shown as exploration and evaluation assets represent net costs to date less write-offs and do not necessarily represent present or future values. Although the Company has taken steps to verify title

2. BASIS OF PREPARATION (Continued)

to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the statement of financial position classifications used.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets classified as at fair value through profit or loss, which are measured at fair value. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Currency of presentation

All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly-owned subsidiaries. All inter-company transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consists of amounts on deposit and short-term investments with original maturities of three months or less in term deposits with financial institutions that are readily convertible to cash. As at December 31, 2018 and 2017, the Company did not have any cash equivalents.

Exploration and evaluation assets

The Company is in the exploration stage and defers all expenditures related to its exploration and evaluation assets until such time as the properties are put into commercial production, sold or abandoned. Under this method, all amounts shown as exploration and evaluation assets represent acquisition and exploration costs incurred to date and do not necessarily represent present or future values. Costs are only capitalized subsequent to gaining the legal rights to the property. If the properties are put into commercial production, the expenditures will be depleted following the unit of production method. If the properties are sold or abandoned, or considered to be impaired in value, the expenditures will be charged to operations.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proceeds received from a partial option of an exploration and evaluation asset are credited against the carrying value of the mineral property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period of receipt. No initial value is assigned to any retained royalty interest on the completion of an option agreement. The royalty interest would subsequently be assessed for value by reference to developments on the underlying mineral property.

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. These events may include the following:

-the period for which the Company has exploration rights has expired or will shortly
-there is no further exploration planned for a property
-continued unfavourable exploration results

If a property's recoverable amount is less than the assets carrying amount, an impairment loss is recognized. The ultimate recoverability of the amounts capitalized for the exploration and evaluation assets is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Management's estimates of recoverability of the Company's investment in its various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future write-downs of carrying values.

Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated on a declining balance basis at rates which will reduce original cost to estimated residual value over the estimated useful lives of the assets, except for leasehold improvements, which are depreciated over the period of the lease. Property and equipment is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the carrying amount, an impairment loss is recognized.

The rates applicable to each category of property and equipment are as follows:

Furniture and equipment	20%
Computers	45%
Leasehold improvements	5 Years (Term of lease)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share Capital

Common shares and warrants are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of shareholders' equity, net of tax.

The Company has adopted a relative fair value method with respect to the measurement of common shares and warrant issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with fair value attributed to the warrants being recorded to the Company's warrant reserve.

Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in current liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Share-based payments

The stock option plan (Note 11) allows Company employees and consultants to acquire shares of the Company. Share-based payments to employees are measured using the fair value method at the date of grant of stock options. An individual is classified as an employee when the individual is considered an employee for legal or tax purposes or provides similar services to those performed by an employee. Share-based payments to non-employees are measured at the fair value of goods and services received or, if it is determined that the fair value of the goods or services received cannot be reliably measured, the fair value method will be used to determine the value at the date the options are granted.

The fair value of options is determined using the Black-Scholes option pricing model and is expensed to earnings over the vesting period on a graded basis with an offset to share-based payment reserve. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Company are credited to share capital. Forfeitures are estimated at the time of the grant. When options expire, the fair value of the options is transferred from share-based payment reserve with an offset to expired options and warrants reserve.

Deferred share units

The Company has a deferred share unit plan (Note 11) to provide common shares to participants in the plan as a form of remuneration. Each deferred share unit ("DSU") has the same value as one common

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

share at the date of grant based on the prior day's closing price. The DSUs are revalued at the end of each period based on the closing share price.

Income taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax expense comprises the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is computed by dividing the loss for the period by the weighted-average number of shares outstanding during the period. Diluted EPS is equivalent to basic EPS as the inclusion of outstanding stock options and warrants is anti-dilutive, since the Company is in a loss position for the years presented.

Foreign currency translation

The functional currency of the Company and its subsidiaries is the Canadian dollar. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Income and expenses are translated at the average exchange rates prevailing during the period except for depreciation, which is translated at historical exchange rates. Gains and losses on translation are included in the determination of net loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decommissioning and restoration provision

The Company recognizes the fair value of the liability for asset decommissioning and restoration in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Company's risk-free interest rate. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of operations and comprehensive loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties. In Management's estimation, there is no liability at this time.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expenses in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from the changes in the fair value of the financial asset held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recorded at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cos less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition or financial assets classified as FVTPL or amortized cost are recognized in the statement of operations and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Cash and cash equivalents	FVTPL	FVTPL
Short-term investments	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL
Receivables	Loans and receivables -amortized cost	Amortized cost
Trade payables and accrued liabilites	Other financial liabilites-amortized cost	Amortized cost

Impairment

(i) Financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the loss allowance is measure for the financial asset at an amount equal to the twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance at adoption or at December 31, 2018

(ii) Non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the cash-generating unit ("CGU") level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's exploration and evaluation asset impairment policy is more specifically discussed above.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods:

Exploration and evaluation assets
The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate that the carrying value may be impaired, at which time an impairment loss is recorded.

Receivables
The Company reviews its receivables on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

Property and equipment
The Company reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid.

Share-based payments
The Company makes certain estimates and assumptions when calculating the fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and the expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Functional currency
The Company has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern
The Company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and investments, budgeted expenditures for future periods and the conditions of the market for exploration companies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Policies

The Company adopted certain new accounting standards and amendments during the year ended December 31, 2018, none of which had a material impact on the Company's financial statements.

On January 1, 2018 the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. CAPITAL MANAGEMENT

The capital structure of the Company consists of capital and equity comprising share capital, warrants, reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis which remains unchanged from the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

Marketable securities consist of common shares listed on an active market that have been received pursuant to mineral property option agreements (Note 8). Changes in marketable securities outstanding are as follows:

	$
Cost	
December 31, 2017	**373,920**
Additions	**642,000**
Disposals	**(16,920)**
December 31, 2018	**999,000**
Fair Value	
December 31, 2017	**481,150**
Additions	**642,000**
Disposals	**(214,813)**
Realized gain	**121,663**
Unrealized gain	**167,000**
December 31, 2018	**1,197,000**

Cost	
December 31, 2016	**373,920**
Additions	**-**
Disposals	**-**
December 31, 2017	**373,920**
Fair Value	
December 31, 2016	**361,952**
Additions	**-**
Disposals	**-**
Realized gain	**-**
Unrealized gain	**119,198**
December 31, 2017	**481,150**

The valuation of these shares has been determined in whole by reference to the bid price of the shares on the Exchange or the Canadian Securities Exchange ("CSE") at each reporting period.

6. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities
Level 2 – valuation techniques based on inputs that are quoted prices or similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means
Level 3 – valuation techniques with significant unobservable market inputs

The Company does not have any level 2 or 3 fair value measurements, and there have been no transfers between levels.

As at December 31, 2018	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets	$	$	$	$
Cash	1,475,556	-	-	1,475,556
Short-term investments	7,625,533	-	-	7,625,533
Marketable securities	1,197,000	-	-	1,197,000
Total financial assets	10,298,089	-	-	10,298,089

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, which are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables, which is mainly comprised of government tax refunds. Management believes that the credit risk concentration with respect to financial instruments included in the receivables is not significant. The Company holds cash and invests it in interest bearing deposit accounts at its financial institution. Management believes that the associated credit risk for its invested cash is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at December 31, 2018, the Company had cash of $1,475,556 to settle current liabilities of $839,986. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering

6. FINANCIAL INSTRUMENTS (Continued)

transactions. All of the Company's financial liabilities are short-term in nature and are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company's income or the value of its financial instruments.

(a) Interest rate risk – The Company has cash balances subject to interest rate risk. The Company's current policy is to invest excess cash in either interest bearing deposit accounts or Guaranteed Income Certificates ("GICs") issued by its financial institutions. As of December 31, 2018, the Company held deposits in a short-term savings accounts at a variable interest rate. A 0.5% change in interest rates would change the Company's net loss by approximately $37,500. Management believes it has minimal exposure to interest rate risk.

The Company's short-term investments are comprised of GICs held with Canadian financial institutions which accrue interest at an average rate of 1.53%. As at December 31, 2018, the Company holds six GICs with a combined principal of $7,500,000 (December 31, 2017 – four GICs with a combined principal of $7,560,000). As at December 31, 2018, the carrying value of the Company's short-term investments includes $125,533 of accrued interest (December 31, 2017 – $59,425).

(b) Foreign exchange risk - The Company transacts certain business in Euro, Swedish Kroner, U.S. Dollars and Mexican Pesos, and therefore is subject to foreign exchange risk on certain receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its foreign exchange inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal.

The following table shows the net exposures in US dollars, Swedish Kroner and Euro at December 31, 2018.

	US$	Euro	SEK
Cash	42,819	173,260	3,444,028
Receivables	-	413,535	-
Trade payables	(74,389)	(259,871)	-
Net currency exposure	(31,570)	326,924	3,444,028

Based on the above currency exposures, a 10% change in the value of each currency to the value of the Canadian dollar would impact the Company's net loss by:

US$	Euro	SEK
(3,157)	32,692	344,403

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

(c) Equity risk – The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2018 value of the marketable securities every 10% increase or decrease in the share prices of these companies would have impacted the loss for the period, up or down, by approximately $119,700 (2017 - $48,115).

7. RECEIVABLES

A summary of the Company's receivables is as follows:

	December 31, 2018	December 31, 2017
	$	$
Harmonized sales tax receivable	**151,618**	111,929
Value added tax receivable	**249,418**	152,735
Due from exploration partners (Note 8)	**371,464**	102,709
	772,500	367,373

8. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2018

Geographical Area	**Balance, Beginning of Year**	**Additions**	**Receipts From Partners**	**Properties Written Down**	**Balance, End of Year**
	$	**$**	**$**	**$**	**$**
Finland	**5,774,951**	**8,545,596**	**(642,000)**	**(69,720)**	**13,608,827**
Sweden	**234,850**	**102,249**	**-**	**-**	**337,099**
United States	**494,114**	**106,904**	**-**	**-**	**601,018**
Mexico	**-**	**6,530**	**-**	**(6,530)**	**-**
	6,503,915	**8,761,279**	**(642,000)**	**(76,250)**	**14,546,944**

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

As at December 31, 2017

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Year
	$	$	$	$	$
Finland	**1,642,844**	**4,239,004**	**-**	**(106,897)**	**5,774,951**
Sweden	**-**	**264,006**	**-**	**(29,156)**	**234,850**
United States	**422,326**	**71,788**	**-**	**-**	**494,114**
Mexico	**-**	**5,438**	**-**	**(5,438)**	**-**
	2,065,170	**4,580,236**	**-**	**(141,491)**	**6,503,915**

(a) On January 8, 2015, the Company signed a Definitive Agreement with AA Sakatti Mining Oy (“AA”), a wholly owned subsidiary of Anglo American plc to purchase two land tenements covering 3,530 ha located immediately adjacent to the Company’s Kutuvuoma project in northern Finland. Under the terms of the agreement, the Company issued 1,000,000 common shares and paid €50,000. AA will retain a 1% net smelter return (“NSR”) royalty which can be purchased for €1,000,000. AA can also back-in to any future nickel–platinum group (“Ni-PGM”) discovery for three times the Company’s exploration expenditures or €1,000,000, whichever is greater. If there is appreciable gold in the backed-in Ni-PGM discovery the Company will receive a sliding scale royalty of between €7 and €15 per ounce produced based on the market gold price.

(b) On March 4, 2014, the Company announced that it had signed a binding Letter of Intent (“LOI”) with Dragon Mining oy (“Dragon”) to acquire a 100% interest in two advanced exploration projects in northern Finland. On May 26, 2014, the Company announced it had signed the Definitive Purchase Agreement. Pursuant to the terms of the agreement, subject to regulatory approvals, the Company will issue a total of 6,000,000 shares to Dragon in four tranches over three years. The first three tranches will be held in escrow for release 18 months from the date of the first issuance of shares on signing. The Company has also committed to incur a total of €1,000,000 in expenditures on these properties over three years. There will be no firm work commitments for the first two years, other than maintaining the tenements in good standing. In addition, Dragon will retain a 3% NSR on any deposit mined by the Company within the projects or any defined Area of Interest. The NSR can be purchased at any time on or before the sixth anniversary of signing the Purchase Agreement with a single cash payment of €4,000,000. Upon successful resource definition, the Company will also make bonus payments to Dragon for the sum of €2,000,000 in cash or equivalent in common shares of the Company for the defining of 1,000,000 ounces of gold material and €1,000,000 in cash or equivalent in common shares of the Company for the defining of every additional 1,000,000 ounces of gold equivalent material within the projects and the defined Area of Interest.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

On March 3, 2015, the Company signed a Letter Agreement to amend the Purchase Agreement entered into with Dragon. The amendments include the removal of the Right of First Refusal clause, the inclusion of an additional clause in relation to Confidential Information and the relaxing of the time period before the Company can seek a third party partner. As compensation for the amendments, the Company will issue a total of 750,000 common shares over and above those shares to be issued pursuant to the Purchase Agreement. 250,000 common shares were issued to Dragon upon execution of the Letter Agreement and 500,000 common shares were issued as a part of the final instalment of shares due pursuant to the Purchase Agreement. The Company has issued a total of 6,750,000 shares to Dragon and has therefore fulfilled its obligation for the issuance of shares under the Purchase Agreement and subsequent Letter Agreement to amend the Purchase Agreement.

(c) On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold Corp. ("B2Gold"), granting B2Gold the right to earn up to an undivided 75% interest of an approximately 25,000 ha project area that includes the Kutuvuoma and Ahvenjarvi projects in Finland.

On January 18, 2016, the Company formalized a definitive Option Agreement with B2Gold consistent with the terms of the binding Letter agreement signed on August 12, 2015.

Under the terms of the Option Agreement B2Gold must complete $5,000,000 in exploration expenditures, pay the Company $50,000 cash and issue 550,000 B2Gold shares over 4 years to earn an initial 51% interest. B2Gold can earn an additional 19% interest by spending a further $10,000,000 over 2 years. B2Gold can earn an additional 5% interest (for a total of 75%) by completing a bankable feasibility study. The first-year commitment of $750,000 in exploration expenditures, including 2,000 meters of drilling and payment of $50,000 cash and 50,000 B2Gold shares, is guaranteed. The Company received a total of 350,000 B2Gold shares to December 31, 2018 (Note 5).

(d) On January 6, 2011, the Company signed an Option Agreement with Genesis Gold Corp ("Genesis"), whereby it has an option to purchase a 100% interest in the Bull Property in east-central Nevada, subject to a 2% NSR, by making annual cash payments starting at US$10,000 (paid) increasing to a maximum US$125,000 beginning in 2016. The option to purchase can be executed at any time by making a one-time cash payment of US$3,000,000 less any payments already made.

On December 17, 2015, the Company signed a Letter Agreement to amend the terms of the Bull Option Agreement. Under the terms of the amendment, the lease payment for 2016 was reduced to US$10,000 and the lease payments for the years 2017 through 2027 were to remain at US$125,000 per year.

On November 5, 2016, the Company signed a Letter Agreement to amend the terms of the Bull Property Option Agreement with Genesis for the second time. Under the terms of the amendment, the lease payment for 2017 will be waived and the lease payments for the years 2018 through 2027 will remain at US$125,000 per year.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

On December 1, 2017, the Company entered into a Restated Mineral Lease and Option to Purchase Agreement to replace the original agreement entered into with Genesis on January 6, 2011 for the Bull Property. Under the terms of the restated agreement, the annual lease payments will resume on December 1, 2018 at US$10,000 and increase annually to US$95,000 by 2028. Lease payments for the years 2029 through 2031 will be at US$100,000 per year.

(e) On December 5, 2016, the Company entered into an agreement with Tertiary Minerals plc ("Tertiary") for the purchase of two gold projects in Northern Finland known as the Kaaresselka and Kiekeromaa prospects. The Company paid £15,000 in cash and issued 83,072 common shares (total value of $139,910) (Note 11) for a 100% ownership interest in both projects subject to certain royalties including a Pre-Production Royalty of US$1.00 to $3.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Inferred, Indicated and/or Measured Mineral Resources Estimate respectively, on either project. Tertiary will retain a 2% NSR royalty on all future gold production from either project of which the Company can purchase 50% of the NSR from Tertiary for US$1,000,000 at any time prior to commencement of commercial production on either project.

(f) On January 31, 2018, the Company signed a non-binding Letter of Intent ("LOI") with Kinross Gold Corporation ("Kinross"), granting Kinross the right to earn up to an undivided 70% interest in the Outa project, an area covering approximately 15,000 ha in Northern Finland. Under the terms of the LOI, Kinross must spend US$5,000,000 over 5 years to earn a 70% interest in the project and Kinross has agreed to expend a firm US$1,000,000 on exploration of the project within the first 2 years.

On August 17, 2018, the Company entered into an Option Agreement with Kinross pursuant to the terms of the LOI signed on January 31, 2018.

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	$	$	$	$
Cost:				
At December 31, 2017	-	140,262	77,809	218,071
Additions	28,700	28,994	108,692	166,386
Disposals	-	-	-	-
At December 31, 2018	28,700	169,256	186,501	384,457
Depreciation:				
At December 31, 2017	-	60,578	14,200	74,778
Additions	16,400	54,769	28,079	99,248
Disposals	-	-	-	-
At December 31, 2018	16,400	115,347	42,279	174,026
Carrying value:				
At December 31, 2017	-	79,684	63,609	143,293
At December 31, 2018	**12,300**	**53,909**	**144,222**	**210,431**

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	$	$	$	$
Cost:				
At December 31, 2016	13,641	34,999	13,264	61,904
Additions	-	105,263	64,545	169,808
Disposals	(13,641)	-	-	(13,641)
At December 31, 2017	-	140,262	77,809	218,071
Depreciation:				
At December 31, 2016	13,641	32,786	13,264	59,691
Additions	-	27,792	936	28,728
Disposals	(13,641)	-	-	(13,641)
At December 31, 2017	-	60,578	14,200	74,778
Carrying value:				
At December 31, 2016	-	2,213	-	2,213
At December 31, 2017	**-**	**79,684**	**63,609**	**143,293**

(Expressed in Canadian Dollars)

10. INCOME TAXES

(a) Deferred income taxes

Tax-effected deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2018	2017
	$	$
Deferred income tax assets		
Tax loss carryforwards	**3,276,000**	2,728,000
Financing costs and other	**186,000**	165,000
Exploration and evaluation assets	**497,000**	499,000
Property and equipment	**25,000**	11,000
	3,984,000	3,403,000

The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no net deferred income tax asset has been recognized for accounting purposes.

(b) Income tax rate

The Company's effective tax rate differs from the statutory rate of 30% (2017 – 30%) as follows:

	$	$
Net loss for the year	**(2,781,285)**	(4,761,376)
Expected income tax recovery	**(834,000)**	(1,428,000)
Permanent differences	**367,000**	1,023,000
Change in foreign tax,foreign exchange rates and other	**(114,000)**	661,000
Financing costs	-	(188,000)
Non-recognition of deferred tax assets due to the unused tax losses and deductible temporary differences	**581,000**	(68,000)
Recovery of deferred income taxes	-	-

(c) Non-capital losses

The Company has Canadian non-capital losses of approximately $7,078,000 (2017 - $5,593,000) which are available to reduce future taxable income. These non-capital losses expire as follows:

(Expressed in Canadian Dollars)

10. INCOME TAXES (Continued)

	$
2028	**123,000**
2029	**296,000**
2030	**332,000**
2031	**782,000**
2032	**634,000**
2033	**662,000**
2034	**458,000**
2035	**583,000**
2036	**506,000**
2037	**1,309,000**
2038	**1,393,000**
	7,078,000

The Company also has available Canadian development expenses of approximately $40,000 (2017 - $40,000) and Canadian exploration expenses of $20,000 (2017 - $20,000) which may be deducted in determining Canadian taxable income of future years. The Company also has available exploration and development expenses incurred in foreign jurisdictions which can be deducted from taxable income of future years in those jurisdictions. The Company has not recognized the potential future income tax benefits related to all of its deductible temporary differences including its non-capital losses and exploration and development expenses.

11. SHAREHOLDERS' EQUITY

Share Capital

Authorized

An unlimited number of common shares with no par value
An unlimited number of preferred shares issuable in series

Issued during the year ended December 31, 2018:

On January 22, 2018, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of $62,500 ($0.25 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $27,910 in connection with the exercise.

On March 1, 2018, the Company issued 35,000 common shares pursuant to the exercise of stock options for gross proceeds of $9,100 ($0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $9,088 in connection with the exercise.

11. SHAREHOLDERS' EQUITY (Continued)

On August 27, 2018, the Company issued 175,000 common shares pursuant to the exercise of stock options for gross proceeds of $37,500 (125,000 options at $0.26 per share and 50,000 options at $0.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $35,157 in connection with the exercise.

Issued during the year ended December 31, 2017:

On February 6, 2017, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of $13,000 ($0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $2,700 in connection with the exercise.

On February 24, 2017, the Company issued 5,783,997 common shares at $1.50 per share for gross proceeds of $8,675,996 pursuant to a non-brokered private placement. With respect to this transaction, cash finders' fees of $520,560, being 6% of the proceeds were paid and 347,039 finders warrants were issued, being 6% of the number of common shares issued. The fair value of the finders' warrants granted was estimated at $458,263 ($1.32 per warrant) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.75%, volatility of 200%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 2 years. The Company incurred other costs of $59,140 for total share issuance costs in connection with the non- brokered private placement of $1,037,963.

On March 14, 2017, the Company issued 83,072 common shares to Tertiary valued at $1.68 per share (total value of $139,910) for the purchase of two gold projects from Tertiary pursuant to the terms of a purchase agreement dated December 1, 2016 (Note 8(e)).

On March 27, 2017, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of $6,250 ($0.25 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $2,790 in connection with the exercise.

On April 4, 2017, the Company issued a total of 575,000 common shares pursuant to the exercise of stock options for gross proceeds of $76,750. The Company also recorded a fair value transfer between share-based payment reserve and share capital of $35,370 in connection with the exercise.

On September 13, 2017, the Company issued 6,853,500 common shares at $2.32 per share for gross proceeds of $15,900,120 pursuant to a non-brokered private placement. The Company incurred share issuance costs of $45,830 in connection with the non- brokered private placement.

On September 14, 2017, the Company issued 17,766 common shares pursuant to the exercise of warrants for gross proceeds of $26,650 ($1.50 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $23,485 in connection with the options exercised.

On November 3, 2017, the Company issued a total of 250,000 common shares pursuant to the exercise of stock options for gross proceeds of $49,000. The Company also recorded a fair value transfer between share-based payment reserve and share capital of $13,500 in connection with the exercise.

(Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY (Continued)

On December 27, 2017, the Company issued 7,982 common shares pursuant to the exercise of warrants for gross proceeds of $11,973 ($1.50 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $10,552 in connection with the exercise.

Preferred shares

The preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued from incorporation to December 31, 2018.

Deferred Share Units

The Company has a Deferred Share Unit Plan ("DSU Plan") under which Deferred Share Units may be granted to directors, officers and employees of the Company. The purpose of the Company's DSU Plan is to advance the interests of the Company by: (i) aligning the interests of directors, officers and employees with the interests of the shareholders; (ii) encouraging directors, officers and employees to remain associated with the Company; and (iii) furnishing directors, officers and employees with an additional incentive in their efforts on behalf of the Company. DSUs are redeemable upon departure from the Company, at the holder's option, and will be settled in cash from the general assets of the Company. The fair value of DSUs granted will be recorded as a bookkeeping entry on the books of the Company, the value of which on any particular date being equal to the market value of the Company shares.

On July 31, 2018, the Company granted 92,592 DSUs to certain officers under its DSU Plan at a market value of $0.81 per DSU. These DSUs will vest one third on each of July 31, 2019, July 31, 2020, and July 31, 2021. During the year ended December 31, 2018 the Company recognized $19,212 in share-based payment expense relating to these DSUs with the offset recorded as a deferred share unit liability.

On December 18, 2018, the Company granted 141,509 DSUs to certain officers under its DSU Plan at a market value of $1.06 per DSU. These DSUs will vest one third on each of December 31, 2019, December 31, 2020, and December 31, 2021. During the year ended December 31, 2018 the Company recognized $3,265 in share-based payment expense relating to these DSUs with the offset recorded as a deferred share unit liability. Changes in DSU's outstanding are as follows:

	For the year ended December 31, 2018	
	Granted	**Vested**
Balance, December 31, 2017	**-**	**-**
Granted	**234,101**	**-**
Vested	**-**	**-**
Balance, December 31, 2018	**234,101**	**-**

(Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY (Continued)

Stock options

The Company has a Stock Option Plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company. The maximum number of options which may be granted to directors, officers, key employees and consultants of the Company, under the stock option plan is equivalent to 10% of the issued and outstanding common shares of the Company. The exercise price for the options is set by the Company at an amount equal to the Exchange trading price on the day preceding the date the options are granted, less any applicable discount as permitted by the Exchange policies as decided by the Company. The exercise period for the options is determined by the Company at the time the options are granted and shall not exceed ten years. Vesting terms for the options are also determined by the Company at the time of grant. Changes in stock options outstanding are as follows:

	For the year ended December 31, 2018	
	Number	**Weighted-Average Exercise Price ($)**
Balance, December 31, 2017	**4,825,000**	**0.86**
Granted	**2,335,000**	**1.07**
Exercised	**(460,000)**	**0.24**
Expired	**(450,000)**	**1.33**
Balance, December 31, 2018	**6,250,000**	**0.95**

	For the year ended December 31, 2017	
	Number	**Weighted-Average Exercise Price ($)**
Balance, December 31, 2016	**3,550,000**	**0.14**
Granted	**2,175,000**	**1.75**
Exercised	**(900,000)**	**(0.16)**
Expired	**-**	**-**
Balance, December 31, 2017	**4,825,000**	**0.86**

(Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY (Continued)

The following table summarizes information about stock options outstanding and exercisable:

	Total Outstanding Options			Total Exercisable Options		
Exercise Price ($)	**Number of Outstanding Options**	**Remaining Contractual Life**	**Weighted-Average Exercise Price ($)**	**Number of Exercisable Options**	**Remaining Contractual Life**	**Weighted-Average Exercise Price ($)**
0.10	2,000,000	2.05	0.10	2,000,000	2.05	0.10
0.26	190,000	2.50	0.26	190,000	2.50	0.26
1.00	400,000	4.07	1.00	200,000	4.07	1.00
1.05	275,000	4.97	1.05	-	4.97	1.05
1.10	1,410,000	4.18	1.10	705,000	4.18	1.10
1.75	1,975,000	3.28	1.75	1,975,000	3.28	1.75
	6,250,000	3.19	0.95	5,070,000	3.19	0.92

Share-based payment reserve
The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the year ended December 31, 2018, the Company recorded share-based payment expense of $1,304,993, which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On January 23, 2018, the Company granted 650,000 stock options to directors, officers, employees and consultants, exercisable at a price of $1.00 per share until January 23, 2023. The fair value of the stock options granted was estimated at $547,103 ($0.84 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.77%, volatility of 144.6%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on July 23, 2018 and 50% on January 23, 2019. During the year ended December 31, 2018, the Company recognized $326,768 in share-based payment expense relating to these stock options.

On March 7, 2018, the Company granted 1,410,000 stock options to directors, officers, employees and consultants, exercisable at a price of $1.10 per share until March 7, 2023. The fair value of the stock options granted was estimated at $1,065,037 ($0.76 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.94%, volatility of 141.7%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on September 7, 2018 and 50% on March 7, 2019. During the year the ended December 31, 2018, the Company recognized $966,404 in share-based payment expense relating to these stock options.

(Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY (Continued)

On December 18, 2018, the Company granted 275,000 stock options to directors, officers, employees and consultants, exercisable at a price of $1.05 per share until December 18, 2023. The fair value of the stock options granted was estimated at $221,302 ($0.81 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 2.26%, volatility of 134.0%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on June 18, 2019 and 50% on December 18, 2019. During the year ended December 31, 2018 the Company recognized $11,821 in share-based payment expense relating to these stock options.

During the year ended December 31, 2018, a total of 450,000 stock options expired unexercised. The Company transferred $314,280 between reserves in connection with these expirations.

During the year ended December 31, 2017, the Company recorded share-based payment expense of $3,451,032, which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On April 12, 2017, the Company granted 2,175,000 stock options to directors, officers, employees and consultants, exercisable at a price of $1.75 per shares until April 12, 2022. The fair value of the stock options granted was estimated at $3,451,032 ($1.59 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 2.04%, volatility of 147.9%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years.

Expired stock options and warrants reserve
The expired stock options and warrants reserve records the value of any stock options or warrants that have expired unexercised.

Warrants
Changes in warrants outstanding are as follows:

	Number	Weighted-Average Exercise Price ($)
Balance, December 31, 2016	-	-
Issued	347,039	1.50
Exercised	(25,748)	1.50
Balance, December 31, 2017	321,291	1.50

(Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY (Continued)

	Number	Weighted-Average Exercise Price ($)
Balance, December 31, 2017	321,291	1.50
Issued	-	-
Exercised	-	-
Balance, December 31, 2018	321,291	1.32

12. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended December 31, 2018	For the year ended December 31, 2017
	$	$
Non-cash investing and financing activities		
Acquisition of exploration and evaluation assets for share consideration	-	139,910
Receipt of marketable securities as consideration for option payments	**642,000**	-
Exploration and evalution costs remaining in trade payables and accrued liabilites	**598,957**	- 293,759
Exploration and evalution costs remaining in receivables	**371,464**	102,709
Fair value of warrants issued	-	458,263

	For the year ended December 31, 2018	For the year ended December 31, 2017
	$	$
Changes in non-cash operating working capital		
Change in receivables	**(136,372)**	(138,781)
Change in prepaid expenses	**(12,939)**	(109,092)
Change in trade payables and accrued liabilities	**69,102**	62,901
	(80,209)	(184,972)

(Expressed in Canadian Dollars)

13. COMMITMENTS

Lease commitments
Minimum annual lease payments on leased premises over the next two years are as follows:

2019	$	39,534
	$	39,534

14. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with key management of companies controlled by key management of the Company:

	For the years ended December 31,	
	2018	2017
	$	$
Paid to D.R. Loveys & Associates Inc., a company controlled by the former CFO:		
Accounting and management consulting services provided by David Loveys	-	22,575
Amounts expensed as:		
Consulting Fees	-	22,575
Paid to Goodland Buckingham LLP , a company in which a Corporate Director is a partner:		
Legal services provided by Dennis Clarke	-	4,174
Amounts expensed as:		
Professional fees	-	4,174
Compensation for key management personnel not included above:		
Michael Basha, CEO	**358,294**	628,002
Mark Serdan, CFO	**402,568**	-
David Loveys	**54,270**	119,001
Dennis Clarke	**54,270**	119,001
Other Directors	**108,540**	238,002
	977,942	1,104,006
Amounts expensed as:		
Salary and other short-term benefits for the CEO	**240,500**	390,000
Salary and other short-term benefits for the CFO	**150,000**	-
Directors' Fees	**80,000**	-
Share-based compensation	**507,442**	714,006
	977,942	1,104,006

15. SUBSEQUENT EVENTS

On March 1, 2019, the Company issued 15,000 common shares pursuant to the exercise of stock options for gross proceeds of $3,900 ($0.26 per share).

On April 10, 2019, the Company announced the completion of a brokered and a non-brokered private placement for an aggregate of 6,166,300 common shares issued at a price of $1.05 for gross proceeds of $6,474,615.

Under the brokered financing, a total of 5,476,300 common shares were issued at a price of $1.05 for gross proceeds of $5,750,115. The brokered financing was led by Haywood Securities Inc. on behalf of a group of underwriters (the "underwriters") which included Canaccord Genuity Corp., Medalist Capital Ltd., Sprott Capital Partners LP and PI Financial Corp. In consideration for their services, the underwriters received a cash commission of $345,007, equal to 6.0% of the gross proceeds of the brokered financing and 328,578 broker warrants, equal to 6.0% of the common shares issued under the brokered financing. The broker warrants can be exercised to purchase common shares at $1.05 for a period of two years.

Under the non-brokered financing, a total of 690,000 common shares were issued for gross proceeds of $724,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On April 24, 2019, the Company entered into an option agreement with Strategic Resources Inc. ("Strategic") granting Strategic the option to earn a 100% interest in the Company's wholly owned Silasselka Vanadium Project in northern Finland. Under the terms of the option agreement, Strategic may acquire up to 100% interest in the project by paying $500,000 cash, issuing 8,000,000 Strategic shares and incurring $3,000,000 in exploration expenditures, through a two stage earn-in over a period of three years. The agreement is subject to approval by the Exchange.