PANCONTINENTAL GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018

(unaudited)

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Pancontinental Gold Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, RSM Canada LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

PANCONTINENTAL GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	Notes		March 31 2018		December 31 2017
			(unaudited)		*(audited)*
ASSETS					
Current					
Cash		**$**	**8,440**	$	61,180
Royalty revenue receivable	14		**-**		22,002
Sales tax receivable			**10,061**		7,734
Prepaid expenses			**20,631**		2,217
			39,132		93,133
Investment in Tortuga Resources Inc.	6		**1**		1
		$	**39,133**	$	93,134
LIABILITIES					
Current					
Accounts payable and accrued liabilities	7,12	**$**	**366,281**	$	297,722
Loans from related parties	12		**177,940**		165,000
			544,221		462,722
EQUITY					
Capital stock	8		**17,213,243**		17,201,243
Contributed surplus			**4,038,670**		3,481,833
Warrants	9		**90,510**		593,734
Deficit			**(21,847,511)**		(21,646,398)
			(505,088)		(369,588)
		$	**39,133**	$	93,134

Nature of operations and going concern (note 1)
Subsequent event (note 17)

See accompanying notes.

PANCONTINENTAL GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited, expressed in Canadian dollars)

Three months ended March 31,	Notes		2018		2017
Expenses					
Corporate and administrative	10,12	**$**	**75,127**	$	141,058
Exploration and evaluation	11		**68,436**		349,176
Share-based payments	8,12		**53,613**		27,050
Foreign exchange loss (gain)			**3,937**		(3,133)
			201,113		514,151
Net loss and comprehensive loss		**$**	**(201,113)**	$	(514,151)
Loss per share - Basic and diluted	15	**$**	**(0.002)**	$	(0.005)
Weighted average number of common shares outstanding - Basic and diluted			**103,344,621**		99,510,354

See accompanying notes.

PANCONTINENTAL GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, expressed in Canadian dollars)

	Notes	Capital stock	Contributed surplus	Warrants	Deficit	Total
Balance, December 31, 2016		$ 17,107,216	$ 3,454,783	$ 503,224	$ (20,640,856)	$ 424,367
Share-based payments	8	-	27,050	-	-	27,050
Net loss for the period		-	-	-	(514,151)	(514,151)
Balance, March 31, 2017		17,107,216	3,481,833	503,224	(21,155,007)	(62,734)
Units issued by private placement	8	94,027	-	90,510	-	184,537
Net loss for the period		-	-	-	(491,391)	(491,391)
Balance, December 31, 2017		17,201,243	3,481,833	593,734	(21,646,398)	(369,588)
Shares issued for mineral property		12,000	-	-	-	12,000
Warrants expired		-	503,224	(503,224)	-	-
Share-based payments	8,12	-	53,613	-	-	53,613
Net loss for the period		-	-	-	(201,113)	(201,113)
Balance, March 31, 2018		**$ 17,213,243**	**$ 4,038,670**	**$ 90,510**	**$ (21,847,511)**	**$ (505,088)**

See accompanying notes.

PANCONTINENTAL GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, expressed in Canadian dollars)

For the three months ended March 31,		2018		2017
Operating activities				
Net loss for the period	**$**	**(201,113)**	$	(514,151)
Adjustments to reconcile loss to net cash used in operating activities:				
Share-based payments		**53,613**		27,050
Shares issued for mineral property		**12,000**		-
Unrealized foreign exchange		**6,086**		(7,030)
		(129,414)		(494,131)
Net changes in non-cash working capital items:				
Royalty revenue receivable		**22,451**		-
Sales tax receivable		**(2,855)**		(6,883)
Prepaid expenses		**(17,810)**		(13,428)
Accounts payable and accrued liabilities		**61,431**		(13,062)
		(66,197)		(527,504)
Financing activities				
Related party loan advances		**12,940**		-
		12,940		-
Net change in cash		**(53,257)**		(527,504)
Cash, beginning of period		**61,180**		630,676
Effect of exchange rate changes on cash		**517**		(8,063)
Cash, end of period	**$**	**8,440**	$	95,109
Supplemental disclosure				
Shares issued for mineral property acquisition (note 8,11)	**$**	**12,000**	$	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Pancontinental Gold Corporation (the "Company") is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. The address of the Company's registered office is 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties or deposits, exploration success and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern and fund its activities. The Company has not produced revenues from its exploration activities and does not have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at March 31, 2018, the Company has: an accumulated deficit of $21,847,511 (December 31, 2017 - $21,646,398); a working capital deficiency of $505,089 (December 31, 2017 – $369,589); and, incurred losses for the current three month period of $201,113 (March 31, 2017 - $514,151). As part of its recapitalization efforts, on April 4, 2018, the Company closed a $1,976,490 private placement, as further described in Note 17.

These condensed interim consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, of the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of presentation and principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Palmetto Mining Corporation, a United States company; and, Maya Gold Corporation S.A. de C.V., an inactive Honduras company. All significant inter-company transactions and balances have been eliminated upon consolidation.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. The functional currency of Palmetto is the Canadian dollar.

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

These consolidated financial statements are prepared using the historical cost basis, except for the following assets and liabilities which are stated at their fair value: financial instruments classified as fair value through profit and loss; and, as available-for-sale. Non-current assets are stated at the lower of carrying amount and fair value less costs of disposal.

The Company's accounting policies, as described in Note 3, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2017 have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted. These financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2017 annual consolidated financial statements. These interim financial statements are not necessarily indicative of the results that may be anticipated for the entire year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in compliance with IFRS requires the Company's management to make certain estimates and judgements about future events they consider reasonable and realistic. Despite regular reviews of these estimates and judgements, based in particular on historical achievements and future expectations, facts and circumstances may result in changes in these estimates and judgements which could impact the reported amount of the Company's assets, liabilities, equity and earnings.

Significant estimates relate to the: measurement of share-based payments and warrant valuation; impairment of investments; measurement of deferred tax assets and liabilities; and, establishment of provisions. Judgement is used in the choice of accounting policy for exploration and evaluation and determination of the functional currency for the Company and its subsidiaries.

4. FUTURE CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following standards have been issued but are not yet effective:

IFRS 9 – Financial Instruments

IFRS 9 will replace the current standard, IAS 39 Financial Instruments: Recognition and Measurement. The new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics on the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods of IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, which will replace IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 –*Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services.* The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

addressed comprehensively, and improve guidance for multiple deliverable arrangements. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2018 and interim periods within that year.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, although early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same time as IFRS 16.

IFRIC 22 – Foreign Currency Transactions and Advanced Consideration

IFRIC 22, was issued on December 2016 and clarifies the accounting for transactions that include the receipt or payment of advanced consideration in a foreign currency. For purposes of determining the exchange rate to use on initial recognition, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018.

The Company is evaluating the impact of the above standards on its financial performance, position and financial statements disclosures. Based on the Company's current accounting treatment of assets, liabilities, revenue and expenses, no significant impact is expected.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and acquisition of other resource properties for the benefit of its shareholders.

As at March 31, 2018, the Company had a working capital deficiency of $505,089 (December 31, 2017 – $369,589).

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure, the Company is dependent on equity funding and, when necessary, raises capital through the issuance of equity instruments, comprised of common shares, warrants and incentive stock options. The Company has not established quantitative targets for its capital structure, however it reviews its capital management methods and requirements on an ongoing basis and makes adjustments, accordingly, to sustain future development of its activities. There were no changes in the Company's management of its capital during the three month period ended March 31, 2018. The Company is not subject to any externally imposed capital requirements.

6. INVESTMENT IN TORTUGA RESOURCES INC.

In 2014, the Company acquired 666,667 common shares of Tortuga Resources Inc. for USD $200,000. Tortuga is a private company engaged in the acquisition, exploration and development of oil and gas properties in the United States. The price paid for the common shares represented the fair value at the time of acquisition. The fair value of the

investment will be impacted by fluctuations in the United States dollar, investee corporate transactions and other factors, such as, industry developments and government regulations.

INVESTMENT IN TORTUGA RESOURCES INC. (continued)

This financial instrument is classified as available-for-sale with fair value changes recorded through other comprehensive income. An impairment loss was recognized in 2015 resulting in a nominal value of $1 being assigned, as management lowered its outlook for recovering the investment.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31 2018		December 31 2017
Suppliers	**$**	**151,179**	$	122,119
Due to related parties (note 12)		**215,102**		175,603
	$	**366,281**	$	297,722

8. CAPITAL STOCK

Authorized

Unlimited common shares
Unlimited preferred shares

Issued

	Number	**Amount**
Balance, December 31, 2016	99,510,354	$ 17,107,216
Shares issued by private placement (i)	3,830,000	191,500
Fair value attributed to warrants (i)	-	(90,510)
Share issuance costs (i)		(6,963)
Balance, December 31, 2017	103,340,354	$ 17,201,243
Shares issued for mineral property (ii)	300,000	12,000
Balance, March 31, 2018	**103,640,354**	**$ 17,213,243**

(i) On December 5, 2017, the Company issued 3,000,000 units at $0.05 per unit for gross proceeds of $150,000. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.07 for a period of 24 months, expiring on December 5, 2019. If at any time, after April 6, 2018, the closing price of the common shares of the Company, as traded on the TSX Venture Exchange, equals or exceeds $0.15 for 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants to a date which is 30 days following the date of the Company announcing the accelerated expiry. The fair value of the warrants was estimated at $70,949 using the relative fair value method.

On December 15, 2017, the Company issued 830,000 units at $0.05 per unit for gross proceeds of $41,500. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.07 for a period of 24 months, expiring on

CAPITAL STOCK (continued)

December 15, 2019. If at any time, after April 16, 2018, the closing price of the common shares of the Company, as traded on the TSX Venture Exchange, equals or exceeds $0.15 for 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants to a date which is 30 days following the date of the Company announcing the accelerated expiry. The fair value of the warrants was estimated at $19,561 using the relative fair value method.

Cash share issuance costs incurred relating to these private placements was $6,963.

(ii) On January 28, 2018, the Company issued 300,000 shares in accordance with the option agreement for the Montcalm West Project (Note 11). The value assigned to these shares was $0.04 per share.

Stock options

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Company's Board of Directors at the time of grant.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2016	8,050,000	$0.10
Granted (i)	500,000	0.12
Expired/Cancelled	(300,000)	0.10
Balance, December 31, 2017	8,250,000	$0.10
Granted (ii)	1,200,000	0.05
Balance, March 31, 2018	**9,450,000**	**$0.10**

(i) On January 6, 2017, the Company granted 100,000 stock options to a consultant. These options vested immediately and were issued with an exercise price of $0.12 and have a five year term, expiring on January 6, 2022.

On March 16, 2017, the Company granted 400,000 stock options to a director/officer. These options vested immediately and were issued with an exercise price of $0.12 and have a five year term, expiring on March 16, 2022.

(ii) On January 10, 2018, the Company granted 1,200,000 stock options to a director/officer and a consultant. These options vested immediately and were issued with an exercise price of $0.05 and have a five year term, expiring on January 10, 2023.

CAPITAL STOCK (continued)

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2018	2017
Dividend yield	**Nil**	Nil
Expected volatility (based on historical trends of the Company)	**241%**	226%
Risk free rate of return	**1.23%**	1.22%
Expected life	**5 years**	5 years
Share price	**$0.05**	$0.06

Share-based payment expense recognized for the options granted in 2018 was $53,613, and $27,050 for the options granted in 2017. The offsetting credit was charged to contributed surplus.

The following summarizes information on the outstanding stock options:

Expiry date	Number	Exercise Price	Exercisable	Average remaining contractual life (years)
June 26, 2018	200,000	$0.10	200,000	0.24
November 18, 2018	150,000	0.10	150,000	0.63
June 11, 2019	1,900,000	0.05	1,900,000	1.19
September 21, 2021	4,300,000	0.12	4,300,000	3.47
November 1, 2021	1,200,000	0.12	1,200,000	3.59
January 6, 2022	100,000	0.12	100,000	3.77
March 16, 2022	400,000	0.12	400,000	3.96
January 10, 2023	1,200,000	0.05	1,200,000	4.78
	9,450,000	$0.10	9,450,000	3.10

9. WARRANTS

	Number	Weighted average Exercise price	Fair value
Balance, January 1, 2016	12,726,250	$0.12	$ 503,224
Warrants issued (note 8 (i))	3,830,000	0.07	90,510
Balance, December 31, 2017	16,556,250	$0.11	$ 593,734
Warrants expired	(12,726,250)	0.12	(503,224)
Balance, March 31, 2018	**3,830,000**	**$0.07**	**$ 90,510**

WARRANTS (continued)

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Average remaining life (years)	Fair value
December 5, 2019	3,000,000	$0.07	1.68	$ 70,949
December 15, 2019	830,000	0.07	1.71	19,561
	3,830,000	$0.07	1.69	$ 90,510

The relative fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017
Dividend yield	Nil
Expected volatility (based on historical trends)	247%
Risk free rate of return	1.54%
Expected life	2 years
Share price	$0.04

10. CORPORATE AND ADMINISTRATIVE

	Three months ended March 31 **2018**	2017
Consulting	**$ -**	$ 6,406
Filing and transfer agent fees	**3,534**	3,397
Insurance	**6,026**	6,555
Management fees (notes 12,13)	**26,693**	70,729
Office	**2,230**	2,535
Professional fees	**17,387**	11,955
Rent (note 12)	**2,259**	2,692
Salaries and benefits	**5,100**	13,752
Shareholder relations and promotion	**6,283**	15,144
Travel	**5,615**	7,893
	$ 75,127	$ 141,058

11. EXPLORATION AND EVALUATION

	Three months ended March 31 2018	2017
Acquisition costs	**$ 26,000**	$ -
Property costs	**38,709**	52,315
Assaying	**-**	44,412
Consulting/Contracting	**-**	52,629
Drilling	**-**	119,813
Equipment and supplies	**-**	24,724
Site costs	**3,146**	3,557
Travel/Transportation	**-**	15,874
Wages and benefits	**581**	35,852
	$ 68,436	$ 349,176

Jefferson Project – South Carolina, United States

On August 17, 2016 the Company acquired a 100% interest in exploration-stage gold prospective properties located in Chesterfield County, South Carolina, United States. The Jefferson Project consists of 13 property leases encompassing approximately 1,456 acres

The property leases range in expiration from 2019 to 2032 and annual lease payments range between US $600 - $24,000 per property. The aggregate annual lease payments for 2018 amount to US $81,825. A production royalty of 3.5% (the "Royalty") is payable to the landowner that owns the property from which minerals are produced. Advance royalty payments ("ARP") start in 2018 for certain property leases and annual payments range between US $900 - $75,000 per property. The aggregate annual ARPs for 2018 amount to US $70,400. ARPs are non-refundable and will be credited towards the Royalty payable from production. The Company is current with its payments and can relinquish a property lease at any time.

	Three months ended March 31 2018	2017
Property costs	**$ 38,709**	$ 52,315
Assaying	**-**	44,412
Consulting/Contracting	**-**	52,629
Drilling	**-**	119,813
Equipment and supplies	**-**	24,724
Site costs	**3,146**	3,557
Travel/Transportation	**-**	15,874
Wages and benefits	**581**	35,852
	$ 42,436	$ 349,176

EXPLORATION AND EVALUATION (continued)

Montcalm West Project – Ontario, Canada

The Montcalm West Project is an exploration-stage nickel-copper-cobalt prospective project located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. The Montcalm West Project is comprised of three properties and encompasses a total of 11,600 hectares – Montcalm (3,780 hectares), Nova (840 hectares), and Gambler (6,980 hectares). The Montcalm and Nova properties are subject to an option agreement (described below) and the Gambler property was staked by the Company subsequent to March 31, 2018.

Option Agreement

On January 5, 2018, the Company entered into an option agreement (the "Option Agreement") with 2522962 Ontario Inc. (the "Optionor") pursuant to which the Company obtained the right (the "Option") to acquire a 100% interest in the Montcalm and Nova properties. In order to exercise the Option, the Company shall:

(i) Pay the Optionor an aggregate of $140,000 as follows:
- $35,000 on or before June 28, 2018 ($14,000 paid);
- $35,000 on or before January 22. 2019;
- $35,000 on or before January 22. 2020;
- $35,000 on or before January 22. 2021.

(ii) Issue to the Optionor an aggregate of 1,200,000 common shares of the Company as follows:
- 300,000 common shares on or before January 29, 2018 (issued);
- 300,000 common shares on or before January 22, 2019;
- 300,000 common shares on or before January 22, 2020;
- 300,000 common shares on or before January 22, 2021.

A net smelter return royalty of 2.5% (the" NSR") is payable to the Optionor from all minerals sold from the Montcalm and Nova properties. The Company reserves the right to purchase 1% of the NSR (such that the Optionor's NSR is reduced to 1.5%) for $1,000,000. The Company is required to keep the Montcalm and Nova properties in good standing during the term of the Option Agreement.

	Three months ended March 31	
	2018	2017
Acquisition costs – Option payments	**$ 26,000**	$ -

12. RELATED PARTY TRANSACTIONS AND BALANCES

	Three months ended March 31	
	2018	2017
Management fees (i)	**$ 26,693**	$ 70,729
Rent (ii)	**759**	1,192
Share-based payments (iii)	**35,742**	19,650
	$ 63,194	$ 91,571

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(i) Management fees were paid or became payable to a Company officer and to companies controlled by or associated with Company officers.

(ii) Rent was paid or became payable to a company controlled by a Company officer.

(iii) Share-based compensation represents the fair value of 800,000 (2017 – 400,000) stock options granted to a director/officer.

During the current quarter, the Company received cash loans of $12,940 (2017 - $nil) from a director/officer and a company associated with an officer. The loans due to related parties of $177,940 (December 31, 2017 - $165,000) consist of cash loans provided by Company directors/officers or entities controlled by or associated with directors/officers. These loans are non-interest bearing, unsecured and due on demand.

Included in accounts payable and accrued liabilities is $215,102 (December 31, 2017 - $175,603) payable to directors/officers or entities controlled by or associated with directors/officers.

13. MANAGEMENT COMPENSATION

Compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended March 31	
	2018	2017
Short-term compensation	**$ 43,770**	$ 42,925
Stock-based compensation	**35,742**	19,650
	$ 79,512	$ 62,575

14. GROSS OVERRIDING ROYALTY ("GOR")

On February 8, 2007, the Company formed a joint venture with Crossland Strategic Metals Limited ("Crossland") and subsequently earned a 50% interest in a number of Australian properties prospective for rare earth elements (REE) and uranium. On November 26, 2015 (the "Effective Date") the Company completed the sale of its entire interest to Essential Mining Resources Pty Ltd. ("EMR") and retained a gross overriding royalty of one percent (1%) on sales of production from the joint venture properties. In 2017 a merger between Crossland and EMR was completed.

On each anniversary of the Effective Date, Crossland is obligated to pay to the Company an advance royalty of AUS $29,621, which may be adjusted for future reductions in the size of the properties. The advance royalty payments received by the Company are non-refundable and are to be deducted from the 1% GOR payable to the Company upon the properties being placed into production. Payment of the advance royalty payable due on November 26, 2017 was received in 2018.

15. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purpose of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of the royalty revenue receivable, accounts payable and accrued liabilities and loans from related parties approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

IFRS 7 requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels for disclosure purposes, as described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

- Level one - includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two - includes inputs that are observable, either directly (prices) or indirectly (derived from prices), other than from quoted prices included in level one; and,
- Level three - includes inputs that are not based on observable data.

	March 31 2018	December 31 2017
Level 1:		
Cash	**$ 8,440**	$ 61,180

Risk Management

The Company's financial risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies.

The primary risks the Company's financial instruments are exposed to are described below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash and the royalty revenue receivable. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and United States banks. Allowances for the royalty revenue receivable are recognized as necessary for potential credit losses.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand.

Foreign Currency Risk
The Company operates in Canada and the United States, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has potential future financial commitments denominated in United States dollars (Note 11). The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates.

A 10% change in the United States dollar will impact profitability by approximately $15,000.

Interest Rate Risk
The Company is not exposed to any significant interest rate. When applicable, excess cash is invested in financial instruments that provide safety and flexibility for early redemption.

17. SUBSEQUENT EVENTS

(a) On April 4, 2018, the Company closed a private placement consisting of 20,010,000 units for gross proceeds of $1,000,500 and 16,266,500 flow-through shares for gross proceeds of $975,990. Each $0.05 unit was comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.08 for a period of eighteen (18) months, expiring on October 4, 2019. The warrant expiry date can be accelerated in the event the common shares trade on a stock exchange at a volume weighted average trading price $0.15, or greater, per common share for a period of 20 consecutive trading days following the expiry of the statutory trading restriction on August 5, 2018. The Company paid cash commissions of $4,620.

(b) On April 25, 2018, the Company entered into an option agreement with Hastings Highlands Resources Limited (the “Optionor”), pursuant to which the Company obtained the right (the “Option”) to acquire a 76% interest in an advanced exploration stage nickel-cobalt-copper project (the “McBride Project’) located in Limerick Township, approximately 25 kilometres south of Bancroft, Ontario. The Option may be exercised in three stages as follows:

(i) First Option - to earn an initial 26% interest the Company shall:
- Pay $142,500 to the Optionor on or before April 25, 2018 (paid);
- Pay applicable 2017 property taxes;
- Issue 500,000 shares to the Optionor upon receipt of TSX Venture Exchange approval (issued);
- Incur expenditures of $1.5 million during the first year of the Option.

(ii) Second Option – to earn an additional 25% interest the Company shall during the second, third and four years of the Option:
- Pay $142,500 to the Optionor and property owners, annually and in aggregate;
- Pay applicable annual property taxes;
- Incur expenditures of $3.0 million in aggregate for the purposes of obtaining a scoping study.

SUBSEQUENT EVENTS (continued)

(iii) Third Option – to earn an additional 25% interest the Company shall during the fifth and sixth years of the Option:

- Pay $142,500 to the Optionor and property owners, annually and in aggregate;
- Pay applicable annual property taxes;
- Incur sufficient expenditures for the purposes of obtaining a feasibility study.

In the event that the Company fails to exercise the Second Option then the initial 26% interest earned by the Company pursuant to the First Option shall revert to the Optionor. Upon the exercise of the Third Option the Company and Optionor shall form a joint venture and all costs and revenues shall be shared on a proportionate basis. The Company's interest in the McBride Project may be increased to 90% provided the Optionor elects not to participate or fund its interest in the joint venture.

The McBride Project is subject to a 1.75% net smelter return (NSR) royalty. The Company reserves the right to purchase, prior to production, 0.75% of the NSR royalty (such that the remaining NSR royalty is reduced to 1%) for $1,000,000.

(c) Effective April 1, 2018, management fees for the services of the Company's CEO/President was increased to US $9,000 per month.

(d) On May 1, 2018, the Company granted 2,550,000 options to directors, officers, a consultant and an employee of the Company. These options vested immediately and were issued with an exercise price of $0.07 and have a five year term, expiring May 1, 2023.

(e) On May 23, 2018, the Company issued 1,126,000 common shares to settle accounts payable and management fees totalling $78,820.

(f) Subsequent to March 31, 2018, the Company paid the $21,000 balance of the initial option payment for the Montcalm West Project and increased the project's size to 11,600 hectares, through staking of the Gambler property.

(g) Subsequent to March 31, 2018, the Company repaid $48,750 of loans provided by a Company director.