FINLAY MINERALS LTD.

Financial Statements

December 31, 2018
and
December 31, 2017

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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

Independent Auditor's Report

To the Shareholders of Finlay Minerals Ltd.:

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Finlay Minerals Ltd., which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 audit 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 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 financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow and no assurances that funding will be available to conduct further exploration and evaluation activities. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. 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 Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Mr. Keith C. Macdonald

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC, Canada
April 29, 2019

FINLAY MINERALS LTD.

Statements of Financial Position

AS AT DECEMBER 31

(Expressed in Canadian Dollars)

See accompanying notes to the financial statements

	2018	2017
ASSETS	$	$
Current Assets		
Cash and cash equivalents	236,135	304,168
GST receivable	6,534	9,194
Investment in Serengeti Resources Inc. (Note 4)	17,654	-
Prepaid expenses	10,564	10,583
	270,887	323,945
Reclamation deposits	91,500	82,200
Exploration and evaluation assets (Note 5)	8,109,471	8,011,657
	8,471,858	8,417,802
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payables and accrued liabilities	13,788	14,195
Due to related parties (Note 7)	3,310	1,757
Liability for flow-through shares	-	25,500
	17,098	41,452
Non-Current Liabilities		
Deferred income taxes (Note 11)	1,561,880	1,481,101
	1,578,978	1,522,553
Shareholders' Equity		
Share capital (Note 8)	8,573,148	8,435,946
Contributed surplus	1,421,452	1,421,452
Investment revaluation reserve	23,860	-
Deficit	(3,125,580)	(2,962,149)
	6,892,880	6,895,249
	8,471,858	8,417,802

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

Approved by the Board of Directors and authorized for issue on April 29, 2019

"Robert F Brown", Director

"Richard T Dauphinee", Director

FINLAY MINERALS LTD.

Statements of Comprehensive Loss

FOR THE YEARS ENDED DECEMBER 31

Expressed in Canadian dollars

See accompanying notes to the financial statements

	2018	2017
	$	$
Operating Costs and Expenses		
Advertising and promotion	6,517	11,807
Bank charges and interest	360	494
Insurance	11,604	4,005
Legal and accounting	39,422	19,110
Office and administration	9,553	10,614
Rent (Note 6)	22,859	19,968
Shareholder relations	-	176
Share-based payments (Note 6)	-	215,950
Telephone	1,165	1,088
Travel and accommodation	2,379	4,792
Trust and filing fees	15,004	14,894
	108,863	302,898
Loss before other items	(108,863)	(302,898)
Flow-through recovery	25,500	-
Interest Income	711	334
Loss before income taxes	(82,652)	(302,564)
Deferred income tax recovery (expense) (Note 11)	(80,779)	26,852
Net loss for the year	(163,431)	(275,712)
Other comprehensive income items that may not be reclassified subsequently to profit or loss:		
Net change in fair value of Investment in Serengeti Resources Inc. (Note 4)	23,860	-
Net loss and comprehensive loss for the year	(139,571)	(275,712)
Weighted average number of common shares	74,754,932	70,228,006
Basic and diluted loss per share	0.00	0.00

FINLAY MINERALS LTD.

Statement of Cash Flows

FOR THE YEARS ENDED DECEMBER 31

See accompanying notes to the financial statements

Expressed in Canadian dollars

	2018	2017
	$	$
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Loss for the year	(163,431)	(275,712)
Add (deduct) non-cash items		
Flow-through recovery	(25,500)	-
Share-based payments	-	215,950
Deferred income tax recovery	80,779	(26,852)
	(108,152)	(86,614)
Changes in non-cash working capital		
GST receivable	2,660	(6,388)
Prepaid expenses	19	(7,540)
Accounts payable and accrued liabilities	(407)	5,900
Due to related parties	1,553	(4,305)
	(104,327)	(98,947)
Investing Activities		
Reclamation deposits	(9,300)	(25,000)
Mineral property costs	(147,814)	(109,737)
Proceeds from option of exploration and evaluation assets	25,568	-
Proceeds from the sale of shares in Serengeti Resources Inc.	30,638	-
	(100,908)	(134,737)
Financing Activities		
Cash from shares issued	142,857	410,270
Share issue costs	(5,655)	(16,842)
	137,202	393,428
(DECREASE) INCREASE IN CASH POSITION	(68,033)	159,744
Cash position, beginning of the year	304,168	144,424
CASH POSITION, END OF YEAR	236,135	304,168
Cash position includes cash and short term deposits.		
Cash	*223,877*	*291,910*
Short-term deposits	*12,258*	*12,258*
	236,135	*304,168*

FINLAY MINERALS LTD.

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31

See accompanying notes to the financial statements

All values expressed in Canadian dollars

	Number of Shares	Share Capital	Contributed Surplus	Investment Revaluaton Reserve	Deficit	Total Equity
		$	$	$	$	$
December 31, 2016	68,781,515	8,068,018	1,205,502	-	(2,686,437)	6,587,083
Share-based payments	-	-	215,950	-	-	215,950
Private placement	5,386,333	384,770	-	-	-	384,770
Share issue costs	-	(16,842)	-	-	-	(16,842)
Net loss for the year	-	-	-	-	(275,712)	(275,712)
December 31, 2017	74,167,848	8,435,946	1,421,452	-	(2,962,149)	6,895,249
Share issue costs	-	(5,655)	-	-	-	(5,655)
Warrants exercised	2,857,143	142,857	-	-	-	142,857
Other comprehensive income for the year	-	-	-	23,860	-	23,860
Net loss for the year	-	-	-	-	(163,431)	(163,431)
December 31, 2018	77,024,991	8,573,148	1,421,452	23,860	(3,125,580)	6,892,880

1) NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the acquisition and exploration of resource properties. The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Although the Company has taken steps to verify title to resource 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 and noncompliance with regulatory requirements.

These financial statements have been prepared on a going-concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred operating losses since inception with a comprehensive loss for the year ended December 31, 2018 of $139,571, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going-concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going-concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going-concern will be impaired. The outcome of these matters cannot be predicted at this time.

2) SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of preparation

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

Exploration and evaluation expenditures

Once a license to explore an area has been secured, expenditures on mineral properties are capitalized to exploration and evaluation assets.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered they are charged to operations.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

Impairment of non-financial assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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 the related tax benefit will be realized.

Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the sale of the tax deduction is valued (using the residual method) and deferred as a flow-through liability. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the flow-through liability is reversed, and a deferred income tax liability is recognized.

Previously unrecognized deferred income tax assets may be used to reduce the deferred income tax liability amount recognized, and the Company will recognize a future income tax recovery to this extent.

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to exploration and evaluation assets with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and a corresponding amount is transferred to share capital from contributed surplus.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

Reclamation deposits

The Company maintains cash deposits as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled. Reclamation deposits are classified as non-current assets.

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mineral exploration tax credit ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by Canada Revenue Agency or when the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Investment in Serengeti Resources Inc. is classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

Financial liabilities

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

Due to related parties is subsequently measured at amortized cost.

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The Company has adopted the new IFRS pronouncement as at January 1, 2018 in accordance with the transitional provisions of the standard and as described below. The adoption of this new IFRS pronouncement has not resulted in any adjustments to previously reported figures.

Financial Instruments ("IFRS 9")

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risks.

Investment in Serengeti Resources Inc.

The Company has made the irrevocable classification choice to record fair value changes on its existing investment in Serengeti Resources Inc. through other comprehensive income.

Expressed in Canadian dollars

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS *(continued)*

The Company does not expect that the changes to IFRS that are effective as of January 1, 2018 will have a significant impact on the Company's results of operations or financial position.

4) INVESTMENT IN SERENGETI RESOURCES INC.

At December 31, 2018, the Company owned 72,058 (2017 – nil) shares of Serengeti Resources Inc., the shares of which are traded on the TSX Venture Exchange.

	2018	2017
	$	$
Marketable securities -- fair value	17,654	-
Marketable securities -- cost	10,232	-

During 2018, 100,000 (2017 - nil) shares were sold for proceeds of $30,638 (2017 - nil).

5) EXPLORATION AND EVALUATION ASSETS

Omineca Mining Division
British Columbia

Silver Hope Claims

The Company has a 100% interest in 35 mineral tenures, eight of which are subject to a 1½% Net Smelter Returns royalty ("NSR"), and were acquired in 2006 by the issuance of two million common shares. One half of the NSR (3/4 %) is purchasable prior to a production decision for one million dollars.

Atty and Pil-Gold Claims

The Company has a 100% interest in 52 mineral tenures of which 23 mineral claims were acquired from a private company controlled by a director of the Company with consideration for the issuance to that private company of nine million common shares (post subdivision) and a 3% NSR. The Company is also obligated to issue a further two million shares to this private company when the property is put into commercial production and may also, prior to that date, purchase a 1½ % NSR (½ of the 3% NSR) for two million dollars.

Expressed in Canadian dollars

5) EXPLORATION AND EVALUATION ASSETS *(continued)*

	December 31 2016 $	Net Additions $	December 31 2017 $	Net Additions $	December 31 2018 $
BRITISH COLUMBIA					
Silver Hope Claims					
Acquisition	166,873	-	166,873	-	166,873
Assay	176,276	405	176,681	261	176,942
Camp and travel	110,436	1,579	112,015	2,221	114,236
Drilling	1,274,952	-	1,274,952	-	1,274,952
Equipment rental	31,387	74	31,461	-	31,461
Field office	10,630	2,286	12,916	-	12,916
Geological and geophysical	803,614	2,520	806,134	114,035	920,169
Road construction	45,239	-	45,239	-	45,239
Tenure management	36,613	1,582	38,195	3,785	41,980
BCMETC refund	(19,495)	-	(19,495)	-	(19,495)
	2,636,525	8,446	2,644,971	120,302	2,765,273
Atty and Pil Claims					
Acquisition	29,076	-	29,076	-	29,076
Assay	263,256	3,909	267,165	12,016	279,181
Camp and travel	1,053,132	31,151	1,084,283	25,702	1,109,985
Drilling	1,466,687	-	1,466,687	-	1,466,687
Equipment rental	131,427	-	131,427	776	132,203
Field office	117,477	30	117,507	-	117,507
Geological and geophysical	1,761,726	81,717	1,843,443	21,781	1,865,224
Road construction	392,273	-	392,273	-	392,273
Tenure management	55,017	333	55,350	-	55,350
BCMETC refund	(4,676)	(15,849)	(20,525)	(32,763)	(53,288)
Recovery	-	-	-	(50,000)	(50,000)
	5,265,395	101,291	5,366,686	(22,488)	5,344,198
Total exploration and evaluation expenditures	7,901,920	109,737	8,011,657	97,814	8,109,471

On March 1, 2018, the Company entered into an option agreement (the "OA") with Serengeti Resources Inc. ("Serengeti") and Electrum Resource Corp. (the "RH") to (i) grant Serengeti the exclusive right and option to acquire a 100% interest in and to the ATTY claims and (ii) to provide for the amendment of certain terms of the purchase agreement entered into between the Company and the RH dated as of July 29, 1999 (the "PA"). On execution of the OA, Serengeti paid $25,000 to the Company. To exercise the option, Serengeti must, within 8 years of exchange approval and in accordance with the specific schedules:

- Pay $975,000 by issuing shares, paying cash or a combination thereof, with the first $25,000 being paid on exchange approval;

Expressed in Canadian dollars

5) EXPLORATION AND EVALUATION ASSETS *(continued)*

- Pay $600,000 in cash; and
- Incur at least $12 million in expenditures, with the first $300,000 incurred on or before the first anniversary of exchange approval.

Pursuant to the OA, Serengeti was also granted the additional option whereby, upon its exercise, the PA will be amended by: (i) reducing the NSR payable from 3% to 1.5%, (ii) terminating the buydown right relating to the NSR and (iii) terminating certain provisions providing for additional consideration and area of mutual interest rights. In order to exercise the additional option, Serengeti must, within 8 years of exchange approval and in accordance with the specified payment schedule, pay $250,000 to each of the Company and RH by issuing shares, paying cash or a combination thereof. Following the exercise of the option and the additional option, if Serengeti makes an ATTY Project Production Decision (as defined in the OA), it must make a payment, in cash or shares at its option, to the RH equal to the lesser of the market value of 500,000 of its shares and $1 million.

The OA received exchange approval on April 9, 2018.

On March 1, 2018, the Company and the RH entered into an amending agreement to amend the PA so that (i) certain clauses only apply to the ATTY claims and not the Pil claims; and (ii) to provide for a separate royalty agreement between the Company and the RH relating to the Pil claims. The PA was amended as follows:

- As additional consideration for the original purchase, the Company will issue 500,000 shares of the Company to the RH immediately following an ATTY Project Production Decision (as defined in the OA); and
- Prior to an ATTY Project Production Decision (as defined in the OA), the Company may, at its sole discretion, purchase one half (1.5%) of the NSR from RH by paying $1 million.

On March 1, 2018, the Company and the RH entered into a royalty agreement (the "RA") in respect of the Pil claims. The RA incorporates the mineral claims acquired under the Purchase Agreement with the RH dated as of October 1, 2001, as well as the rights and interest pertaining to the Pil claims, into the RA, and terminates the 2001 Purchase Agreement. As additional consideration for the purchase of the Pil claims, the Company:

- Will issue 1 million shares of the Company to RH immediately following a Pil Project Production Decision (as defined in the RA);
- Will pay an NSR of 3% to the RH; and
- May, at its sole discretion, and prior to a Pil Project Production Decision, purchase one half (1.5%) of the NSR from RH by paying $2 million.

6) RELATED PARTY TRANSACTIONS

Key management personnel compensation:

	2018 $	2017 $
Share based payments	-	148,080
Mineral property geological consulting	22,250	20,924

During the year ended December 31, 2018, the Company paid office rent of $22,859 (2017 - $19,568) to a company controlled by a director of the Company.

Expressed in Canadian dollars

7) DUE TO RELATED PARTIES

At December 31, 2018, the Company owes $486 (December 31, 2017 - $127) to the Company's President and CEO for administrative expenses, as well as $2,824 (December 31, 2017 -$1,630) to a private company owned by a director and the Company's VP - Exploration for geological costs. The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

8) SHARE CAPITAL

a) The authorized share capital of the Company consists of: an unlimited number of common shares.
100,000,000 Class A preference shares
100,000,000 Class B preference shares

	2018		2017	
	Number of Shares	$	Number of Shares	$
Opening balance	74,167,848	8,435,946	68,781,515	8,068,018
Issued for:				
Share issue costs	-	(5,655)	-	(16,842)
Warrants exercised	2,857,143	142,857	-	-
Private placements	-	-	5,386,333	384,770
Ending Balance	77,024,991	8,573,148	74,167,848	8,435,946

b) Share purchase options

The following is a summary of the changes in the Company's outstanding stock options:

	2018		2017	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of the year	3,650,000	0.07	3,650,000	0.09
Expired	-	-	(1,750,000)	0.14
Issued	-	-	1,750,000	0.10
Balance, end of the year	3,650,000	0.07	3,650,000	0.07
Exercisable, end of the year	3,650,000	0.07	3,650,000	0.07
Weighted average years to expiry		3.43		4.18

Expressed in Canadian dollars

8) SHARE CAPITAL *(continued)*

c) Share purchase warrants

The continuity of share purchase warrants is as follows:

	2018		2017	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of the year	7,969,071	0.10	7,886,905	0.08
Issued	-	-	3,082,166	0.15
Expired	(1,958,333)	-	(3,000,000)	0.10
Exercised	(2,857,143)	-	-	-
Balance, end of the year	3,153,595	0.10	7,969,071	0.10
Weighted average years to expiry		1.32		1.33 [1]

1. On April 10, 2018 the Company extended 2,928,572 warrants with an original term of 24 months to 48 months; the new expiry date of these warrants is now April 12, 2020.

d) Share-based compensation

The weighted average fair value of stock options granted during the years ended December 31, 2018 and 2017 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018	2017
Expected dividend yield	N/A	0%
Risk-free interest rate	N/A	1.63%
Expected stock price volatility	N/A	168%
Expected life of options	N/A	5 years
Weighted average fair value per stock option	N/A	$0.1234

No share-based compensation was recorded during the year ended December 31, 2018 (2017- $215,950).

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

e) Contributed surplus

Contributed surplus records the fair value of share-based payments, agent options and agent warrants until such time that the options and warrants are excercised, at which time the corresponding amount will be transferred to share capital.

9) CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going-concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash and deposit balances to meet exploration commitments.

10) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents, amounting to $236,135 at December 31, 2018 (2017 - $304,168). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations. The Company maintained sufficient cash and cash equivalent balances to meet these needs at December 31, 2018.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing guaranteed investment certificates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking insititution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Expressed in Canadian dollars

10) FINANCIAL INSTRUMENT RISKS *(continued)*

The fair value classification of the company's financial instruments as at December 31, 2018 and 2017 is as follows:

		2018	2017
	Fair value level	Fair value through other comprehensive income $	Fair value through profit or loss $
Financial assets:			
Investment in Serengeti Resources Inc.	1	17,654	-

During the years ended December 31, 2018 and 2017, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.

11) INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2018 $	2017 $
Net loss for the year before tax	(82,652)	(302,564)
Expected income tax recovery (expense)	(15,874)	(78,666)
Net adjustment for deductible and non-deductible amounts	(1,407)	51,832
Net change in valuation allowance	98,060	(18)
Total income tax recovery (expense)	80,779	(26,852)

The significant components of the Company's deferred income tax liabilities are as follows:

	2018 $	2017 $
Deferred income tax liabilities:		
Exploration and evaluation assets carrying amounts in excess of tax pools	(2,023,613)	(1,905,202)
Non-capital loss carry forwards and share issue costs	461,733	424,101
Net deferred tax liabilities	(1,561,880)	(1,481,101)

Expressed in Canadian dollars

11) INCOME TAXES *(continued)*

Subject to certain restrictions, the Company has exploration and evaluation expenditures at December 31, 2018 of approximately $615,000 (2017 - $684,000) available to reduce taxable income in future years. The Company also has non-capital losses available for possible deduction against future years' taxable income of approximately $1,692,000 (2017 - $1,609,000). The Company has not recognized any future benefit for these tax losses, credits and resource deductions, as it is not considered likely that they will be utilized. If unused, these non-capital losses will expire as follows:

	$
2026	243,000
2027	173,000
2028	133,000
2029	79,000
2030	141,000
2031	212,000
2032	154,000
2033	121,000
2034	113,000
2035	70,000
2036	73,000
2037	112,000
2038	68,000
	1,692,000

12) LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the company for such expenditures.

On December 19, 2017, the Company issued 1,275,000 units on a flow-through basis at $0.11 per unit for gross proceeds of $140,250 and recognized a liability for flow-through shares of $25,500. As at December 31, 2018, the Company has spent $140,250 of the flow-through funds and has no flow-through liability.

13) SUBSEQUENT EVENTS

Pursuant to the OA and the schedule of payments set forth therein, Serengeti was required, by April 9, 2019, being the first anniversary of exchange approval, to pay to the Company (i) $25,000 in cash (the "First Cash Payment"); (ii) $50,000 in cash and/or shares (the "First Share Payment") and (iii) if Serengeti wished to commence the royalty buyback contemplated in the OA, an additional $10,000 in cash and/or shares (the "Royalty Buyback Payment").

Serengeti has made all three payments. In both instances where Serengeti had a choice to pay in cash or shares, it opted to pay the Company predominantly in shares. As a result, the Company received 142,207 shares of Serengeti (in respect of a portion of the First Share Payment) and 28,441 shares of Serengeti (in respect of a portion of the Royalty Buyback Payment), each on February 21, 2019. On March 27, 2019, the Company received from Serengeti (i) $682.69 in cash representing the balance of the First Share Payment and the Royalty Buyback Payment and (ii) $25,000 in cash representing the First Cash Payment.