



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2019 AND 2018
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

ML GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FEBRUARY 28, 2019
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

ML GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**

	February 28, 2019	August 31, 2018
	\$	\$
ASSETS		
Current		
Cash	57,420	1,055,114
GST receivable	9,472	36,337
Prepaid expenses	11,907	146,524
Total current assets	78,799	1,237,975
Property and equipment (Note 3)	12,722	14,691
Exploration and evaluation properties (Note 4)	3,543,588	3,060,871
TOTAL ASSETS	3,635,109	4,313,537
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	411,535	659,383
Flow-through premium liability (Note 6)	-	187,681
TOTAL LIABILITIES	411,535	847,064
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	39,534,447	39,079,646
Reserves (Note 7)	2,185,191	2,639,992
Deficit	(38,496,064)	(38,253,165)
TOTAL SHAREHOLDERS' EQUITY	3,223,574	3,466,473
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,635,109	4,313,537

**NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 12)**

Approved and authorized by the Board on April 25, 2019.

On behalf of the Board:

/s/ "Kosta Tsoutsis"
Director

/s/ "Adrian Smith"
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ML GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	For the three months ended February 28,		For the six months ended February 28	
	2019	2018	2019	2018
	\$	\$	\$	\$
Expenses				
Consulting fees (Note 8)	117,612	111,513	299,228	165,513
Depreciation (Note 3)	985	1,371	1,969	2,741
Investor relations	2,659	56,442	21,550	70,727
Office and administration (Note 8)	31,196	44,275	57,568	79,753
Professional fees	15,230	23,519	26,380	29,960
Property investigation costs	8,842	-	19,007	-
Share-based compensation (Note 8)	-	293,800	-	293,800
Travel and related	2,645	5,507	4,877	8,085
	(179,169)	(536,427)	(430,579)	(650,579)
Reversal of flow-through premium liability (Note 6)	187,681	47,886	187,681	47,886
Write off of exploration and evaluation properties (Note 4)	(1)	-	(1)	-
	187,680	47,886	187,680	47,886
Income (loss) and comprehensive income (loss) for the period	8,511	(488,541)	(242,899)	(602,693)
Basic and diluted earnings (loss) per share	0.00	(0.06)	(0.02)	(0.08)
Weighted average number of common shares outstanding	10,742,273	8,195,466	10,742,273	7,727,615

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ML GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	For the six months ended February 28,	
	2019	2018
	\$	\$
Cash flows from operating activities		
Loss for the period	(242,899)	(602,693)
Items not affecting cash:		
Depreciation	1,969	2,741
Share-based compensation	-	293,800
Impairment of exploration and evaluation properties	1	-
Reversal of flow-through premium liability	(187,681)	(47,886)
Changes in non-cash working capital items:		
GST receivable	26,865	(17,825)
Prepaid expenses	134,617	(279,404)
Accounts payable and accrued liabilities	53,807	17,309
	(213,321)	(633,958)
Cash flows from investing activities		
Exploration and evaluation property expenditures	(784,373)	(1,201,115)
Cash flows from financing activities		
Proceeds from share issuances	-	1,306,591
Share issuance costs	-	(27,949)
Stock options exercised	-	15,000
Warrants exercised	-	591,000
	-	1,884,642
Net change in cash	(997,694)	49,569
Cash, beginning of the period	1,055,114	617,340
Cash, end of the period	57,420	666,909
Supplemental cash flow information		
Reclassification of warrants exercised	-	209,475
Reclassification of stock options exercised	-	27,330
Reclassification of expired warrants	454,801	22,632
Share subscription receivable	-	15,000
Exploration and evaluation assets in accounts payable and accrued liabilities	7,346	71,302
Value of warrants issued in private placement	-	363,330

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ML GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**

	Number of Shares Issued #	Share Capital \$	Reserves \$	Share subscriptions receivable \$	Deficit \$	Total Shareholders' Equity \$
Balance at August 31, 2017	7,264,905	36,539,657	1,497,230	-	(35,179,244)	2,857,643
Shares issued in private placement	1,132,368	720,473	363,330	-	-	1,083,803
Share issuance costs	-	(27,949)	9,761	-	-	(18,188)
Stock options expired	-	-	(22,632)	-	22,632	-
Stock options exercised	30,000	57,330	(27,330)	(15,000)	-	15,000
Stock options granted	-	-	293,800	-	-	293,800
Warrants exercised	386,250	800,475	(209,475)	-	-	591,000
Loss for the period	-	-	-	-	(602,693)	(602,693)
Balance at February 28, 2018	8,813,523	38,089,986	1,904,684	(15,000)	(35,759,305)	4,220,365
Shares issued in private placement	1,878,750	1,015,780	439,969	-	-	1,455,749
Share issuance costs	-	(81,129)	34,099	-	-	(47,030)
Shares issued for exploration and evaluation assets	50,000	48,000	-	-	-	48,000
Stock options expired	-	-	(81,674)	-	81,674	-
Stock options granted	-	-	349,923	-	-	349,923
Warrants expired	-	7,009	(7,009)	-	-	-
Share subscriptions received	-	-	-	15,000	-	15,000
Loss for the period	-	-	-	-	(2,575,534)	(2,575,534)
Balance at August 31, 2018	10,742,273	39,079,646	2,639,992	-	(38,253,165)	3,466,473
Warrants expired	-	454,801	(454,801)	-	-	-
Loss for the period	-	-	-	-	(242,899)	(242,899)
Balance at February 28, 2019	10,742,273	39,534,447	2,185,191	-	(38,496,064)	3,223,574

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ML GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2019 AND 2018 (UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

1. NATURE AND CONTINUANCE OF OPERATIONS

ML Gold Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MLG. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 2000 – 1177 West Hastings Street, Vancouver, BC, Canada, V6E 2K3.

On February 27, 2019, the Company consolidated its outstanding share capital on a ten-for-one basis. The share consolidation has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. 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, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at February 28, 2019, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on April 25, 2019.

ML GOLD CORP.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting", using accounting policies that are consistent and in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") that are in effect at February 28, 2019.

Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's annual audited financial statements for the year ended August 31, 2018.

The Company's interim results are not necessarily indicative of its results for a full year.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

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

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of estimates (continued)

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation properties

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forecasted dividend rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended February 28, 2019 and have not been applied in preparing these condensed interim consolidated financial statements:

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company does not expect that the adoption of this standard will have a material effect on the Company's condensed interim consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's condensed interim consolidated financial statements.

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3. PROPERTY AND EQUIPMENT

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
Cost:				
At August 31, 2017 and 2018, and February 28, 2019	29,462	24,740	101,524	155,726
Depreciation:				
At August 31, 2017	29,306	18,639	87,609	135,554
Charge for the year	87	1,220	4,174	5,481
At August 31, 2018	29,393	19,859	91,783	141,035
Charge for the period	20	488	1,461	1,969
At February 28, 2019	29,413	20,347	93,244	143,004
Net book value:				
At August 31, 2018	69	4,881	9,741	14,691
At February 28, 2019	49	4,393	8,280	12,722

4. EXPLORATION AND EVALUATION PROPERTIES

	Schefferville \$	Pinnacle Reef \$	Aspen \$	Stars \$	Palmetto \$	Total \$
Balance, August 31, 2017	1	927,298	179,983	-	1,469,780	2,577,062
Property acquisition costs	-	21,000	22,313	48,000	159,732	251,045
Exploration expenditures:						
Drilling	-	403,673	-	1,436,547	50,417	1,890,637
Equipment	-	27,874	-	-	-	27,874
Geological	-	18,025	2,547	145,387	64,763	230,722
Transportation	-	-	-	12,035	-	12,035
	-	470,572	24,860	1,641,969	274,912	2,412,313
BC mineral exploration tax credit recoverable	-	(160,021)	(23,792)	-	-	(183,813)
Write-off of exploration and evaluation properties	-	-	-	-	(1,744,691)	(1,744,691)
Balance, August 31, 2018	1	1,237,849	181,051	1,641,969	1	3,060,871
Exploration expenditures:						
Drilling	-	-	-	477,099	-	477,099
Geological	-	-	-	5,619	-	5,619
	-	-	-	482,718	-	482,718
Write-off of exploration and evaluation properties	-	-	-	-	(1)	(1)
Balance, February 28, 2019	1	1,237,849	181,051	2,124,687	-	3,543,588

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Schefferville Properties**

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSR's.

The Pinnacle Reef Property

In July 2016, the Company entered into a mineral property option agreement with Pacific Empire Minerals Corp. whereby the Company was granted the option to acquire up to a 70% interest in the Pinnacle Reef Property located in central British Columbia. Pursuant to the terms of the agreement, the Company can earn an initial 51% interest in the property over a four year option term by completing \$2,000,000 in exploration expenditures on the property and issuing 100,000 common shares of the Company as follows:

Expenditure deadline	Expenditure requirement (\$)	Share issuance requirement
July 28, 2017	(completed) 150,000	-
July 28, 2018	(completed) 250,000	(issued) 20,000
July 28, 2019	(completed) 600,000	30,000
July 28, 2020	1,000,000	50,000
Total Requirement	2,000,000	100,000

Upon completion of the 51% earn-in, the Company can earn an additional 19% interest in the property (for a total interest of 70%) by issuing an additional 50,000 common shares and incurring a further \$3,000,000 in property expenditures within two years.

Aspen Gold Property

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by officer and directors to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. The related party will retain a 10% interest in the property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid).

In August 2016, the Company entered into a mineral property exploration rights and sales agreement with TTM Resources Inc. ("TTM") to purchase a 100% interest in three claims adjoining the south-eastern part of the Company's Aspen Property. Pursuant to the terms of the agreement, the Company must pay TTM \$25,000 (paid), issue 25,000 common shares (issued) and grant TTM a 2% NSR on the property. The Company may reduce the NSR to 1.0% by paying \$500,000 to TTM. Pursuant to the exploration right granted under the agreement, the Company has the sole right to explore claims until November 30, 2017, at which time, it must make an offer regarding option, purchase or joint venture of the claims. The Company decided not to make an offer on the claims and, as at August 31, 2017, wrote-off the previously incurred acquisition costs of \$48,750.

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Stars Property**

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of certain mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometers south - southwest of Houston (collectively, the “Stars Property”).

The first agreement (the “First Agreement”) is with Pacific Empire Minerals Corp., an arm’s length party which currently owns 50% of the Stars Property. Under the terms of the First Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

	Cash payment (\$)	Common shares	Expenditures (\$)
Upon TSX-V approval – June 5, 2018	(paid) 10,000	(issued) 10,000	-
On or before June 5, 2019	20,000	20,000	500,000 ¹
On or before June 5, 2020	50,000	30,000	1,000,000 ¹
On or before June 5, 2021	-	-	3,000,000
Total Requirement	80,000	60,000	4,500,000

¹ As at February 28, 2019, the Company had incurred \$2,076,687 in exploration expenditures.

The second agreement (the “Second Agreement”) is with Divitiae Resources Ltd., a non-arm’s-length party owned by Adrian Smith, P. Geo, a director of the Company, which currently owns 50% of the Stars Property. Under the terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

	Cash payment (\$)	Common shares
Upon TSX-V approval – June 5, 2018	(paid) 10,000	(issued) 20,000
On or before June 5, 2019	20,000	40,000
On or before June 5, 2020	50,000	30,000
On or before June 5, 2021	50,000	100,000
Total Requirement	130,000	190,000

The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined above. In June 2018, the First Agreement and the Second Agreement were approved by the TSX-V.

Palmetto Property

In October 2016, the Company entered into an option agreement to acquire a 100% right, title and interest to unpatented mining claims (the “Palmetto Project”) located in Nevada.

As at August 31, 2018, the Company did not have any future exploration plan on the Palmetto Project. As a result, the Company wrote down the property to \$1. As at January 2, 2019, the Company terminated the option agreement in relation to the Palmetto Project and wrote off the Palmetto Project.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 28, 2019	August 31, 2018
	\$	\$
Accounts payable	345,535	571,257
Accrued liabilities	66,000	88,126
	411,535	659,383

6. SHARE CAPITAL**Authorized share capital**

Unlimited common shares without par value.

Issued share capital*During the year ended August 31, 2018:*

On December 28, 2017, the Company completed a private placement for gross proceeds of \$1,296,830 which consisted of the issuance of 584,160 non flow-through units ("NFT Unit") at a price of \$1.00 per unit and 548,208 flow-through units ("FT Unit") at a price of \$1.30 per unit. Finder's fees totaling \$18,188 cash and 15,057 finder's warrants were paid and issued in connection with the private placement financing. Each finder's warrant entitles the holder to purchase one common share of the Company, whereas 10,437 and 4,620 finder's warrants are exercisable at a price of \$1.80 and \$1.50 respectively, for a period of two years from closing. The finder's warrants were valued at an aggregate of \$9,761 or \$0.65 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield. The flow-through common shares had an associated flow-through premium liability of \$213,027 on issuance.

Each NFT Unit comprised of one common share of the Company and one full non-transferable warrant, which is exercisable into one common share at a price of \$1.50 for a period of two years. The warrants were valued at \$211,946 or \$0.36 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield.

Each FT Unit comprised of one flow-through common share of the Company and one half of one non-transferable warrant, with each full warrant exercisable into one common share at a price of \$1.80 for a period of two years. The warrants were valued at \$151,384 or \$0.55 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.66%, volatility of 130%, and nil forecasted dividend yield.

On June 5, 2018, the Company issued 30,000 common shares in connection to the property option agreements for the Stars Property valued at \$27,000 (Note 4).

On August 1, 2018, the Company issued 20,000 common shares in connection to the property option agreements for the Pinnacle Reef Property valued at \$21,000 (Note 4).

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6. SHARE CAPITAL (CONTINUED)**Issued share capital (Continued)**

During the year ended August 31, 2018: (Continued)

On June 26, 2018, the Company completed a private placement for gross proceeds of \$1,624,000 which consisted of the issuance of 1,273,750 non flow-through units ("June NFT Unit") at a price of \$0.80 per unit and 605,000 flow-through units ("June FT Unit") at a price of \$1.00 per unit. Finder's fees and expenses totalling \$47,030 cash, 35,700 non flow-through finder's warrants, and 29,600 flow-through finder's warrants were paid and issued in connection with the private placement financing, each non flow-through and flow-through finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.80 and \$1.00, respectively, for a period of two years from closing. The finder's warrants were valued at an aggregate of \$34,099 or \$0.52 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.77%, volatility of 111%, and nil forecasted dividend yield. The flow-through common shares had an associated flow-through premium liability of \$168,251 on issuance.

Each June NFT Unit comprised of one common share of the Company and one full non-transferable warrant, which is exercisable into one common share at a price of \$1.20 for a period of two years. The warrants were valued at \$328,724 or \$0.26 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.77%, volatility of 111%, and nil forecasted dividend yield.

Each June FT Unit comprised of one flow-through common share of the Company and one half of one non-transferable warrant, which is exercisable into one common share at a price of \$1.40 for a period of two years. The warrants were valued at \$111,245 or \$0.37 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.77%, volatility of 111%, and nil forecasted dividend yield.

Flow through premium liability

The following is a continuity schedule of the liability portion of the flow-through share issuances:

	Liability portion of the flow-through share issuance
	\$
Balance, August 31, 2017	47,886
Flow-through premium liability	381,278
Settlement of flow-through share premium liability pursuant to qualified expenditures	(241,483)
Balance, August 31, 2018	187,681
Settlement of flow-through share premium liability pursuant to qualified expenditures	(187,681)
Balance, February 28, 2019	-

The Company was required to incur \$65,000 of eligible exploration and evaluation expenditures by December 31, 2018 in connection with the issuance of flow-through shares on December 28, 2017. In addition, the Company was required to incur \$605,000 of eligible exploration and evaluation expenditures by December 31, 2018 in connection with the issuance of flow-through shares on June 26, 2018. The Company fulfilled the requirement to incur eligible exploration and evaluation expenditures in relation to the issuance of flow-through shares on December 28, 2017 and June 26, 2018.

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7. RESERVES**Stock options**

The Company has a stock option plan (“the Plan”) whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

During the year ended August 31, 2018, the Company issued 30,000 common shares in connection with the exercise of 30,000 stock options with a weighted average exercise price of \$1.00 for total proceeds of \$30,000. As a result, the Company transferred \$27,330 representing the fair value of the exercised share options from reserves to share capital. In addition, 19,500 stock options expired and as a result, \$104,306 was reclassified from reserves to deficit.

On January 11, 2018, the Company granted 200,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$1.10 per option valued at \$293,800 or \$1.47 per option estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.08%, volatility of 199%, and nil forecasted dividend yield. All options vested immediately on grant.

On July 20, 2018, the Company granted 399,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$0.90 per option valued at \$349,923 or \$0.88 per option estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.08%, volatility of 199%, and nil forecasted dividend yield. All options vested immediately on grant.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, August 31, 2017	502,500	1.57
Expired	(19,500)	0.80
Granted	599,000	0.97
Exercised	(30,000)	1.00
Balance, August 31, 2018 and February 28, 2019	1,052,000	1.26

A summary of the stock options outstanding and exercisable at February 28, 2019 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.50	20,500	October 20, 2019
1.00	182,500	September 2, 2021
2.20	200,000	March 14, 2022
2.20	50,000	March 20, 2022
1.10	200,000	January 11, 2023
0.90	399,000	July 20, 2023
	1,052,000	

The weighted average life of the outstanding stock options is 3.57 years.

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7. RESERVES (CONTINUED)**Warrants**

During the year ended August 31, 2018, the Company issued 386,250 common shares in connection with the exercise of 386,250 warrants with a weighted average exercise price of \$1.53 for total proceeds of \$591,000. As a result, the Company transferred \$209,475 representing the fair value of the exercised warrants from reserves to share capital. In addition, 20,833 warrants expired and as a result, \$7,009 was reclassified from reserves to share capital.

During the six months ended February 28, 2019, 648,750 warrants expired and as a result, \$454,801 was reclassified from reserves to share capital.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price \$
Balance, August 31, 2017	1,055,833	1.81
Expired	(20,833)	0.90
Issued	2,514,871	1.35
Exercised	(386,250)	1.53
Balance, August 31, 2018	3,163,621	1.49
Expired	(648,750)	2.00
Balance, February 28, 2019	2,514,871	1.35

A summary of the warrants outstanding and exercisable at February 28, 2019 is as follows:

Exercise Price \$	Number Outstanding	Expiry Date
1.80	284,541	December 28, 2019
1.50	588,780	December 28, 2019
1.20	1,273,750	June 26, 2020
0.80	35,700	June 26, 2020
1.40	302,500	June 26, 2020
1.00	29,600	June 26, 2020
	2,514,871	

The weighted average life of the outstanding warrants is 1.15 years.

8. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. As at February 28, 2019, the Company has \$331,193 (August 31, 2018 - \$538,977) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors.

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Summary of key management personnel compensation:

	For the six months ended February 28,	
	2019	2018
	\$	\$
Consulting fees	188,000	110,500
Share-based compensation	-	154,245
	188,000	264,745

In addition, the following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the six months ended February 28,	
	2019	2018
	\$	\$
Exploration and evaluation property expenditures	332,043	849,681
Rent	18,000	24,000
	350,043	873,681

9. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the six months ended February 28, 2019.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, GST receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) **Currency risk**

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at February 28, 2019, the Company does not have significant net assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

b) **Credit risk**

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash.

d) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) **Commodity price risk**

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	As at February 28, 2019		
	Canada	US	Total
	\$	\$	\$
Property and equipment	12,722	-	12,722
Exploration and evaluation properties	3,543,588	-	3,543,588
	3,556,310	-	3,556,310

	As at August 31, 2018		
	Canada	US	Total
	\$	\$	\$
Property and equipment	14,691	-	14,691
Exploration and evaluation properties	3,060,870	1	3,060,871
	3,075,561	1	3,075,562

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12. SUBSEQUENT EVENT

On April 15, 2019, the Company cancelled 1,052,000 stock options.