CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim 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 condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at		June 30, 2018		December 31, 2017
ASSETS				
Current				
Cash and equivalents	$	1,013,360	$	34,113
Receivables		18,127		8,922
Prepaid expenses		332,689		44,688
		1,364,176		87,723
Equipment (Note 4)		97,988		116,478
Mineral exploration concessions (Note 5)		163,392		163,392
	$	1,625,556	$	367,593
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	721,390	$	1,338,106
		721,390		1,338,106
Shareholders' equity (deficiency)				
Share capital (Note 6)		25,704,022		22,158,727
Subscriptions received in advance (Note 6)		-		500,000
Reserves (Note 6)		2,371,382		2,239,609
Deficit		(27,171,238)		(25,868,849)
		904,166		(970,513)
	$	1,625,556	$	367,593

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 11)
Subsequent event (Note 12)

Approved and authorized by the Board on August 22, 2017:

"Bill Koutsouras" Director *"Mark Campbell"* Director

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

ATON RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
EXPENSES				
Depreciation (Note 4)	$ 7,493	$ 9,302	$ 18,490	$ 18,684
Exploration and evaluation expenditures (Note 5)	573,208	965,798	1,240,073	2,222,971
Foreign exchange	(162)	1,044	2,281	12,803
Investor relations	30,522	51,783	58,176	104,020
Management and consulting fees	17,903	57,239	47,101	126,907
Office and administration	21,364	20,209	33,846	51,070
Professional fees	35,874	65,677	59,189	131,163
Travel	5,476	3,670	11,460	36,354
Share-based payments (Note 6)	-	21,842	131,773	172,377
	(691,678)	(1,196,564)	(1,602,389)	(2,876,349)
OTHER				
Sale of royalty on exploration and evaluation asset	300,000	-	300,000	-
Gain on settlement of accounts payable and accrued liabilities	-	-	-	136
Loss and comprehensive loss for the period	$ (391,678)	$ (1,196,564)	$ 1,302,389)	$ (2,876,213)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.00)	(0.02)
Weighted average number of common shares outstanding	240,061,863	183,637,743	222,337,022	183,637,743

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the six months ended June 30		2018		2017
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	$	(1,302,389)	$	(2,876,213)
Non-cash items:				
Depreciation		18,490		18,684
Share-based payments		131,773		172,377
Gain on settlement of accounts payable and accrued liabilities		-		(136)
Changes in non-cash working capital items:				
Receivables		(9,205)		9,521
Prepaid expenses		288,001		64,542
Accounts payable and accrued liabilities		(616,716)		(78,142)
		(2,066,048)		(2,689,367)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of equipment		-		(17,204)
		-		(17,204)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Issuance of common shares		3,083,289		-
Share issuance costs		(37,994)		-
		3,045,295		-
Change in cash and equivalents during the period		979,247		(2,706,571)
Cash and equivalents, beginning of period		34,113		3,048,439
Cash and equivalents, end of period	$	1,013,360	$	341,868
Interest paid	$	-	$	-
Taxes paid	$	-	$	-

Supplemental disclosure with respect to cash flows (Note 10)

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital					
	Number	**Amount**	**Subscriptions received in advance**	**Reserves**	**Deficit**	**Total**
Balance, December 31, 2016	183,637,743	$ 22,158,727	$ -	$ 1,840,907	$ (21,411,724)	$ 2,587,910
Share-based payments	-	-	-	172,377	-	172,377
Loss for the period	-	-	-	-	(2,876,213)	(2,876,213)
Balance, June 30, 2017	183,637,743	22,158,727	-	2,013,284	(24,287,937)	(115,926)
Subscriptions received in advance	-	-	500,000	-	-	500,000
Share-based payments	-	-	-	226,325	-	226,325
Loss for the period	-	-	-	-	(1,580,912)	(1,580,912)
Balance, December 31, 2017	183,637,743	22,158,727	500,000	2,239,609	(25,868,849)	(970,513)
Private placements	84,145,480	3,583,288	(500,000)	-	-	3,083,288
Share issuance costs	-	(37,993)	-	-	-	(37,993)
Share-based payments	-	-	-	131,773	-	131,773
Loss for the period	-	-	-	-	(1,302,389)	(1,302,389)
Balance, June 30, 2018	267,783,223	$ 25,704,022	$ -	$ 2,371,382	$ (27,171,238)	$ 904,166

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aton Resources Inc. (the "**Company**") operates through its wholly owned subsidiary, Aton Mining Inc., which was incorporated under the Business Corporations Act (British Columbia) on May 17, 2006 and whose principal business activities are the exploration and development of mineral properties in the Arab Republic of Egypt ("**ARE**" or "**Egypt**"). The Company's registered and records office is located at 666 Burrard Street, Suite 1700, Vancouver, BC, V6C 3P6. The Company's common shares trade on the TSX Venture Exchange ("**TSX-V**") under the symbol "**AAN**".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

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 exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

Going Concern

The Company is a mineral exploration company focused on acquiring and exploring mineral properties in the ARE. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The financial statements have been prepared assuming the Company will continue on a going-concern basis, 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. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. At June 30, 2018, the Company has a deficit of $27,171,238 and working capital of $642,786. This raises significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

The Company's subsidiaries are as follows:

Name of Subsidiary	Ownership Interest	Principal Activity
Alexander Nubia Mining Inc.	100%	Holding Company
Seventh Cleo Holdings Inc.	100%	Holding Company
Chelsea Holding Inc.	100%	Holding Company
Alexander Nubia Resources Inc.	100%	Exploration Company
Canex Enterprises Inc.	50%	Holding Company

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and for all entities within the Company 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 the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of statement of financial position. 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 the statement of loss and comprehensive loss.

Use of Estimates and Judgments

The preparation of these consolidated financial statements 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 expenses during the year. Actual results could differ from these estimates.

Critical Accounting Estimates

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Judgments *(cont'd…)*

Critical Accounting Estimates (cont'd…)

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical Accounting Judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1. In addition, management has made judgments regarding the functional currency of the Company and has determined that the functional currency of the Company is the Canadian dollar.

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

Mineral exploration concession related to acquisition costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2017 except for those policies noted below.

IFRS 9 – Financial Instruments

The Company adopted IFRS 9 effective January 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, at fair value through other comprehensive income, and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

The requirements in IAS 39 for classification and measurement were carried forward to IFRS 9 and the Company's accounting policy with respect to financial liabilities remains unchanged.

As a result of the adoption of this standard, the Company has changed its accounting policy for financial assets. The change did not impact the carrying value of any financial assets on the transition date, January 1, 2018.

All other aspects of our accounting policies for financial instruments as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2017 are unaffected.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are not mandatory for accounting periods beginning on or after January 1, 2018 or later periods. They have not been early adopted in these condensed consolidated interim financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The Company is in the process of assessing the impact, if any, on the financial statements of this new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

4. EQUIPMENT

	Field and office equipment	Vehicles and field accommodations	Total
Cost			
Balance, December 31, 2016	$ 292,192	$ 337,943	$ 630,135
Additions for the year	3,831	12,613	16,444
Balance, December 31, 2017	$ 296,023	$ 350,556	$ 646,579
Additions for the period	-	-	-
Balance, June 30, 2018	$ 296,023	$ 350,556	$ 646,579
Accumulated depreciation			
Balance, December 31, 2016	$ 214,150	$ 272,071	$ 486,221
Depreciation for the year	22,259	21,621	43,880
Balance, December 31, 2017	$ 236,409	$ 293,692	$ 530,101
Depreciation for the period	8,245	10,245	18,490
Balance, June 30, 2018	$ 244,654	$ 303,937	$ 548,591
Carrying amounts			
As at December 31, 2017	$ 59,614	$ 56,864	$ 116,478
As at June 30, 2018	$ 51,369	$ 46,619	$ 97,988

5. MINERAL EXPLORATION CONCESSIONS

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing. Each mineral concession is considered to be a separate cash generating unit (“CGU”).

Through the Company’s wholly owned subsidiaries, Alexander Nubia Resources Inc. and Aton Mining Inc., the Company holds two exploration concessions in Egypt, Abu Marawat and Fatiri.

The Abu Marawat and Fatiri Concession Agreements are defined by multiple phases of exploration with a required minimum exploration obligation for each phase of exploration. Phase I has a duration of one year, Phase II-A, is for a duration of two (2) years and the Phase II-B, has a duration of two years. An additional six months may be applied with the approval of EMRA at the end of the last phase of exploration.

The Company has provided notice to the Egyptian Mineral Resource Authority that it is relinquishing the Fatiri Concession so that it can focus its efforts on the district-scale potential of the Abu Marawat Concession.

The Company has met the minimum financial obligation for all three phases of the Abu Marawat Concession and the Company is required to provide a 2% training fee on the total exploration expenditure for the period.

For the Abu Marawat Concession, the Companys’ Phase II-B exploration period ends as of July 31, 2018, at which point a commercial discovery is required to be declared. During the year ended December 31, 2017, the Company officially notified EMRA of its intention to issue a declaration of commerciality and the Company’s intention to construct a producing mine before the end of 2019, which allows for a two year extension until July 31, 2020. On May 31, 2018, the Company submitted a study completed by Wardell Armstrong International Ltd. to EMRA in support of its declaration of commerciality at its Hamama Project.

(Expressed in Canadian Dollars)

5. MINERAL EXPLORATION CONCESSIONS *(cont'd…)*

Capitalized acquisition costs for the concessions as at June 30, 2018 are broken down as follows:

Concession	As at December 31, 2017	Write-off	As at June 30, 2018
Abu Marawat	$ 163,392	$ -	$ 163,392
	$ 163,392	$ -	$ 163,392

Cumulative Exploration and Evaluation Expenditures for both concessions:

	As at December 31, 2016	Additions	As at December 31, 2017	Additions	As at June 30, 2018
Concession access	$ 200,467	$ -	$ 200,467	$ -	$ 200,467
Mapping	6,429	-	6,429	-	6,429
Labour	1,630,431	393,221	2,023,652	193,701	2,217,353
Field costs	1,774,068	409,886	2,183,954	107,628	2,291,582
Camp upgrade	96,954	-	96,954	-	96,954
Mobilization	217,292	-	217,292	-	217,292
Drilling	3,548,173	486,736	4,034,909	15,272	4,050,181
Start-up	41,515	-	41,515	-	41,515
Geologic services	1,099,320	237,243	1,336,563	139,746	1,476,309
Geophysics	244,888	295,686	540,574	72,671	613,245
Assaying	1,035,132	301,168	1,336,300	212,179	1,548,479
Travel	430,322	149,978	580,300	32,926	613,226
	10,124,524	2,273,918	12,398,442	774,123	13,172,565
Consulting	2,262,889	544,114	2,807,003	356,073	3,163,076
Administration	1,454,176	220,417	1,674,593	109,877	1,784,470
	3,717,065	764,531	4,481,596	465,950	4,947,546
	$ 14,042,056	$ 3,038,449	$ 17,080,505	$ 1,240,073	$ 18,320,578

During the period ended June 30, 2018, the Company signed a $2,100,000 financing package with Sandstorm Gold Ltd., which includes the sale of 1% net smelter royalty covering the Abu Marawat concession for $300,000 and the issuance of 40,000,000 units at a price of $0.045 for gross proceeds of $1,800,000 (Note 6 (b)(b)).

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the period ended June 30, 2018:

a) the Company completed a non-brokered private placement by issuing 40,651,622 units at a price of $0.04 per unit for gross proceeds of $1,626,065. Each unit consisted of one common share and one share purchase warrant exercisable until February 13, 2023 at $0.05.

b) the Company completed a non-brokered private placement by issuing 43,493,858 units at a price of $0.045 per unit for gross proceeds of $1,957,224. Each unit consisted of one common share and one half of one share purchase warrant with each whole warrant exercisable until June 15, 2023 at $0.08.

There were no issuances of share capital during the year ended December 31, 2017.

b) Stock options and warrants

Under the Company's stock option plan ("Plan"), the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees, consultants, and certain other service providers. Under the plan, vesting is at the discretion of the Board, and can be granted for a maximum term of 10 years.

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2016	7,270,000	$ 0.08	101,365,001	$ 0.09
Expired / forfeited	(1,270,000)	0.15	-	-
Granted	9,700,000	0.07	-	-
Balance, December 31, 2017	15,700,000	$ 0.07	101,365,001	$ 0.09
Expired / forfeited	(325,000)	0.07	(8,600,000)	0.25
Granted	-	-	62,398,551	0.06
Balance, June 30, 2018	15,375,000	$ 0.07	155,163,552	$ 0.07
Balance, June 30, 2018 exercisable	13,075,000	$ 0.07	155,163,552	$ 0.07

As at June 30, 2018, incentive stock options were outstanding and exercisable as follows:

	Number outstanding	Number exercisable	Exercise price	Expiry date	Weighted average contractual life (years)
Stock Options	5,875,000	5,875,000	0.070	July 5, 2021	3.01
	300,000	300,000	0.140	August 30, 2021	3.17
	9,200,000	6,900,000	0.065	March 27, 2022	3.74
	15,375,000	13,075,000			

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options and warrants (cont'd…)

As at June 30, 2018, share purchase warrants were outstanding as follows:

	Number	Number exercisable	Exercise price	Expiry date
Share Purchase Warrants	13,500,000	13,500,000	0.050	December 17, 2018
	7,000,000	7,000,000	0.050	December 22, 2018
	70,725,001	70,725,001	0.080	December 9, 2021
	1,540,000	1,540,000	0.075	December 9, 2021
	40,651,622	40,651,622	0.050	March 12, 2023
	21,746,929	21,746,929	0.050	June 15, 2023
	155,163,552	155,163,552		

During the six months ended June 30, 2018, the Company granted Nil (2017 – 9,700,000) stock options to officers, consultants, and directors. The weighted average fair value of stock options granted during the period was $Nil per option (2017 - $0.065). Total share-based payments recognized in the statement of comprehensive loss for the three months ended June 30, 2018 was $131,773 (2017 – $150,535) for incentive options granted and vested during the period. This amount was also recorded as reserves on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	June 30, 2018	June 30, 2017
Risk-free interest rate	0.79%	0.79%
Expected life of options	5 years	5 years
Annualized volatility	141.66%	141.66%
Dividend rate	0.00%	0.00%

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

The following entities are classified as related parties due to the following:

Related party	**Relationship**
Mark Campbell	Director and CEO
Bill Koutsouras	Director
Giles Baynham	Director
Anthony Clements	Director
David Laing	Director
Tonno Vahk	Director
Kouts Capital	Consulting company for Bill Koutsouras
Justin Blanchet	CFO
Red Fern Consulting Ltd.	Consulting company for Justin Blanchet

a) Key management personnel compensation

The remuneration of directors and management including the CEO and CFO were as follows:

	For the six months ended June 30	
	2018	2017
Short-term employee benefits – management compensation	$ 90,500	$ 92,500
Short-term employee benefits – directors' fees	37,500	30,000
Share-based payments – management compensation	24,844	20,003
Share-based payments – directors' fees	47,781	45,384
	$ 200,625	$ 187,887

b) Related party balances and transactions

The balances due to the Company's current directors and officer included in accounts payables and accrued liabilities were $2,541 as at June 30, 2018 (December 31, 2017 – $55,448). These amounts are unsecured, non-interest bearing and payable on demand.

8. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and development of mineral properties. All of the Company's equipment and mineral properties are located in Egypt.

9. FINANCIAL INSTRUMENTS AND CAPITAL 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 fair value of the Company's receivables, accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statement of financial position. Cash under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

9. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (cont'd…)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and equivalents (excluding nominal petty cash), are all held at large Canadian or International financial institutions in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's receivable consists mainly of GST receivables due from the government of Canada. As at March 31, 2018, the Company's exposure to credit risk is minimal.

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 its capital management as outlined further on in Note 9.

Accounts payable and accrued liabilities are due within one year. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. To maintain liquidity, the Company is currently investigating financing opportunities. While the Company has been successful in obtaining its required funding in the past, there is no assurance that future financings will be available.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A 1% change in interest rates on cash deposits would have a nominal effect on net loss.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD).

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

The Company has cash, receivable and accounts payable denominated in USD and the Egyptian Pound (EGP) and are exposed to risk from changes in the USD and EGP.

9. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (cont'd…)

Capital management

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In the management of capital, the Company considers components of shareholders deficiency. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no non-cash transactions during the six months ended June 30, 2018 and 2017.

11. COMMITMENTS AND CONTINGENCIES

A former director and CEO of the Company commenced litigation against the Company alleging wrongful dismissal and claiming damages of US$500,000 for severance and unpaid wages of $236,798 plus interest and costs related. The Company is defending the cases and believes they are without merit. No liability other than unpaid fees for services amounting to $253,386 has been recorded in relation to these legal proceedings.

Former employees of the Company commenced litigation against the Company in Egypt alleging wrongful dismissal and claiming damages up to US$350,000. The Company is defending the cases and believes they are without merit. No contingent liability has been recorded in relation to these legal proceedings.

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of June 30, 2018 and December 31, 2017, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

12. SUBSEQUENT EVENT

Subsequent to June 30, 2018, the Company issued 11,400,000 stock options to directors, officers and consultants of the Company exercisable for 5 years at a price of $0.05.