



**CASTLE PEAK MINING LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)**

**For the three months ended
March 31, 2018**

NOTICE TO READER

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

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

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

CASTLE PEAK MINING LTD.
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March 31, 2018
(Expressed in Canadian Dollars)

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CASTLE PEAK MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(unaudited)

AS AT

	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	\$ 4,001,655	\$ 2,119,547
Receivables	4,209	839
Prepaid expenses	8,875	8,500
	4,014,739	2,128,886
Non-current assets		
Exploration and evaluation assets (Note 4)	-	2,169,808
	\$ 4,014,739	\$ 4,298,694
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 227,443	\$ 263,601
Loans due to related parties (Note 5)	25,250	146,428
	252,693	410,029
Equity		
Capital stock (Note 7)	17,603,516	17,603,516
Other equity reserve (Note 7)	4,001,075	4,001,075
Non-controlling interest	-	(7,225)
Accumulated other comprehensive income	-	4,204,122
Deficit	(17,842,545)	(21,912,823)
	3,762,046	3,888,665
	\$ 4,014,739	\$ 4,298,694

Nature of operations (Note 1)**Basis of presentation and going concern (Note 2)****Approved on May 29, 2018 on behalf of the Board of Directors:***"Allan Green"*

Allan Green, Chairman of the Board of Directors

"Iyad Jarbou"

Iyad Jarbou, Director

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

CASTLE PEAK MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(unaudited)

	Three months ended March 31, 2018	Three months ended March 31, 2017
EXPENSES		
Investor relations	\$ 549	\$ 532
Office and administrative	2,459	4,504
Salaries and benefits	24,777	15,040
Transfer agent, filing and regulatory	7,679	2,714
	(35,464)	(22,790)
Loss on sale of exploration and evaluation assets (Note 4)	(168,646)	-
Foreign exchange gain	4,274,388	-
Net income (loss) for the period	4,070,278	(22,790)
Foreign currency translation realized in net income (loss) (Note 4)	(4,204,122)	(28,661)
Comprehensive loss for the period	\$ (133,844)	\$ (51,451)
Basic and diluted loss per common share	\$ 0.031	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	132,763,360	132,763,360

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

CASTLE PEAK MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

(unaudited)

	Capital Stock		Other Equity Reserve (Note 8)	Non-controlling Interest	Accumulated Other Comprehensive Income	Deficit	Total Equity
	Number of Shares	Amount					
Balance, December 31, 2016	132,763,360	\$ 17,603,516	\$ 4,001,075	\$ (7,225)	\$ 4,427,903	\$ (20,905,605)	\$ 5,119,664
Net loss for the period	-	-	-	-	-	(22,790)	(22,790)
Translation adjustment	-	-	-	-	(28,661)	-	(28,661)
Balance, March 31, 2017	132,763,360	\$ 17,603,516	\$ 4,001,075	\$ (7,225)	\$ 4,399,242	\$ (20,928,395)	\$ 5,068,213
Balance, December 31, 2017	132,763,360	\$ 17,603,516	\$ 4,001,075	\$ (7,225)	\$ 4,204,122	\$ (21,912,823)	\$ 3,888,665
Net income for the period	-	-	-	-	-	4,070,278	4,070,278
Realized foreign currency translation on subsidiaries sold	-	-	-	-	(4,204,122)	-	(4,204,122)
Non-controlling interest of subsidiaries sold	-	-	-	7,225	-	-	7,225
Balance, March 31, 2018	132,763,360	\$ 17,603,516	\$ 4,001,075	\$ -	\$ -	\$ (17,842,545)	\$ 3,762,046

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

CASTLE PEAK MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(unaudited)

	Three months ended March 31, 2018	Three months ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 4,070,278	\$ (22,790)
Items not involving cash:		
Loss on sale of exploration and evaluation assets	168,646	-
Foreign exchange gain	(4,274,388)	-
Changes in non-cash items:		
Receivables	(3,366)	(146)
Prepaid expenses	(375)	1,760
Accounts payable and accrued liabilities	8,662	20,033
Net cash used in operating activities	(30,543)	(1,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of exploration and evaluation assets	2,218,231	-
Purchase of exploration and evaluation assets	(289,917)	(1,221)
Net cash provided by (used in) investing activities	1,928,314	(1,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from (repaid to) related parties	(121,178)	21,000
Net cash provided by (used in) financing activities	(121,178)	21,000
Effect of exchange rate on cash and cash equivalents	105,515	1,212
Increase in cash and cash equivalents during the period	1,882,108	19,848
Cash and cash equivalents, beginning of the period	2,119,547	2,289
Cash and cash equivalents, end of the period	\$ 4,001,655	\$ 22,137

Supplemental disclosures with respect to cash flows (Note 8)

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

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

1. NATURE OF OPERATIONS

Castle Peak Mining Ltd. (the "Company" or "Castle Peak") is in the business of exploration and evaluation of mineral properties in Ghana, Africa. Castle Peak was incorporated under the laws of British Columbia on June 3, 2009. The Company is listed on the TSX Venture Exchange ("TSXV") under the symbol "CAP". On March 19, 2018, the Company sold its wholly-owned subsidiary Castle Peak Mining (2006) Ltd. Refer to Note 4 for details.

The address of the Company's corporate office and principal place of business is 29 - 1255 Riverside Drive, Port Coquitlam, British Columbia, Canada. The address of the Company's legal records is 2900 - 550 Burrard St, Vancouver.

2. BASIS OF PRESENTATION AND GOING CONCERN**Statement of compliance**

The accompanying condensed interim consolidated financial statements of the Corporation have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"), on a basis consistent with those significant accounting policies followed in the most recent annual consolidated financial statements except as noted below, and therefore should be read in conjunction with the December 31, 2017 audited consolidated financial statements and the notes thereto. This is the first set of the Corporation's financial statements where IFRS 9 have been applied. Changes to significant accounting policies are described in note 3.

Basis of measurement

These condensed interim consolidated financial statements are presented in Canadian dollars except where otherwise noted.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern of operations

The Company's condensed interim consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenue from operations and may require additional financing or outside participation to undertake further activities. Management believes there is sufficient working capital to sustain operations for the next fiscal year.

Critical accounting estimates, judgements and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from those estimates and such differences could be significant.

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

2. BASIS OF PRESENTATION AND GOING CONCERN (cont'd...)**Critical accounting estimates, judgements and assumptions (cont'd...)**Critical judgments

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in this note.

Key sources of estimation uncertainty

Significant estimates made by management affecting the condensed interim consolidated financial statements include:

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of share-based payments expense for the period along with the assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Deferred tax assets & liabilities

The estimation of income taxes and liabilities includes evaluating the recoverability of deferred tax assets and liabilities 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 or liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the 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 liabilities, and deferred income tax provisions or recoveries could be affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2017, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

The accounting policies in these condensed consolidated interim financial statements are the same as those applied in the Corporation's consolidated financial statements as at and for the year ended December 31, 2017 except for IFRS 9.

The changes in accounting policies are also expected to be reflected in the Corporation's consolidated financial statements as at and for the year ending December 31, 2018.

IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Corporation's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**(i) Classification and measurement of financial assets and liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Corporation's financial assets which consist primarily of cash and cash equivalents, trade and other receivables, and contract assets are classified at amortized cost.

(ii) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Corporation's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables and contract assets.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Corporation's financial assets on the transition date given the receivables are substantially all current and the minimal historical level of customer default.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company.

- IFRS 16: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases, effective for annual periods beginning on or after January 1, 2019.

The Company does not expect a significant impact from adapting the above new standard.

4. EXPLORATION AND EVALUATION ASSETS**Sale of assets**

On March 19, 2018, The Company closed a sale transaction (the "Transaction") with Star Goldfields ("Star Goldfields") by which Star Goldfields purchased the Company's nine prospecting licenses in Ghana through acquiring 100% of the common shares of the Company's wholly-owned subsidiary Castle Peak Mining (2006) Ltd, the owner of the concessions, through its subsidiaries for total cash proceeds of US \$4,250,000 as follows:

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Sale of assets (cont'd...)**

- a) A non-refundable down payment of US \$200,000 (CAD\$ 271,458 received on April 28, 2017)
- b) A non-refundable deposit of US \$2,050,000, payable upon signing of the Agreement (CAD\$ 2,580,253 received on August 8, 2017)
- c) The balance of US \$2,000,000 payable at closing of the Transaction (CAD\$ 2,615,800 received on March 19, 2018).

The Company paid finder's fee of US\$212,522 in connection with the transaction (CAD\$ 347,569 paid on March 20, 2018). As a result of the Transaction, the Company recorded a loss of \$168,646 during the three month period ended March 31, 2018 and reclassified \$4,204,122 from accumulated other comprehensive income to profit and loss.

Impairment of Akorade Project

As at December 31, 2017, the Company recorded an impairment of exploration and evaluation assets of \$836,400 on the Akorade project as estimated by management with reference to the fair value of the underlying prospecting licenses, less costs to sell ("FVLCS"). The impairment was recognized in profit or loss for the year ended December 31, 2017.

The recoverable amount of the Akorade project was determined on the basis of FVLCS because the FVLCS is considered to be the higher amount between value-in-use and FVLCS. The FVLCS was determined based on an assessment of the fair value in terms of the transaction with Star Goldfields.

Exploration and evaluation assets expenditures related to the Company's interests in the Akorade Project are as follows:

	Akorade Project	
Balance at December 31, 2016	\$	5,706,475
Additions for the year:		
Drilling and access		12,653
Geochemistry		211
Field logistics		37,002
Exploration salaries and wages		126,350
Contract labour		30,588
General and administrative		46,301
Environmental, permitting and other		57,953
Impairment of exploration and evaluation assets		(836,400)
Proceeds from Transaction with Star Goldfields		(2,851,711)
Translation adjustment		(159,614)
		<u>(3,536,667)</u>
Balance at December 31, 2017	\$	2,169,808
Additions for the year:		
Exploration salaries and wages		210,898
Environmental, permitting and other		34,171
Proceeds from Transaction with Star Goldfields		(2,218,231)
Loss on sale of exploration and evaluation assets		(168,646)
Translation adjustment		(28,000)
		<u>(2,169,808)</u>
Balance at March 31, 2018	\$	-

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	Akorade Project	
Cumulative balance at March 31, 2018:		
Drilling and access	\$	4,238,655
Geophysics		931,897
Geochemistry		541,797
Field logistics		1,314,133
Exploration salaries and wages		2,197,089
Contract labour		725,597
Exploration management and consulting services		507,526
General and administrative		1,706,083
Land acquisition costs		4,087,678
Environmental, permitting and other		710,702
Proceeds from sale of royalty		(1,150,000)
Transaction costs from royalty agreement		74,844
Impairment of exploration and evaluation assets		(14,658,306)
Proceeds from Transaction with Star Goldfields		(5,069,942)
Translation adjustment		4,010,893
Loss on sale of exploration and evaluation assets		(168,646)
Balance at March 31, 2018	\$	-

5. LOANS DUE TO RELATED PARTIES

As of March 31, 2018, \$25,250 (December 31, 2017 - \$146,428) was owing to three directors of the Company (the "Loans"). The Loans are unsecured and non-interest bearing with no set terms of repayment.

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and executive officers.

During the three month periods ended March 31, 2018 and 2017, the Company entered into the following transactions with related parties and key management personnel that are not disclosed elsewhere in the condensed interim consolidated financial statements:

	Three months ended		Three months ended	
	March 31, 2018		March 31, 2017	
Salaries and benefits paid to officers and senior management ⁽¹⁾	\$	231,866	\$	44,703

⁽¹⁾ Remuneration attributed to key management personnel is recorded in salaries and benefits, and exploration and evaluation assets. Included is \$199,857 redundancy payment to Henry Sowah, former Exploration Manager which was capitalized to exploration and evaluation assets.

As at March 31, 2018, \$201,097 (December 31, 2017 - \$202,729) was owing to a directors of the Company and is included in accounts payable and accrued liabilities.

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

7. CAPITAL STOCK AND OTHER EQUITY RESERVE**Capital stock**

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2018, and December 31, 2017 the Company had 132,763,360 common shares outstanding.

During the period ended March 31, 2018, and the year ended December 31, 2017 the Company had no share transactions.

Share purchase warrants

The following is a summary of changes in warrants:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 2016	36,666,667	\$ 0.53
Expired	(20,000,000)	\$0.055
Outstanding at December 31, 2017	16,666,667	\$0.050
Expired	(16,666,667)	\$0.050
Outstanding at March 31, 2018	-	\$ -

As at March 31, 2018, the Company had no outstanding Warrants.

Stock optionsOption plan details

The Company has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant share options to directors, officers, employees and consultants of up to 10% of the issued and outstanding common shares of the Company. Stock options granted under the Plan will have a term not to exceed ten years, have an option price not less than the market price on the grant date, and will not be assignable or transferable by the optionee.

The Company's Board of Directors, subject to the policies of the Exchange, may determine and impose terms upon which each option shall become vested, provided that, if the Company's common shares are listed on the TSX-V, options granted to consultants performing investor relations activities must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period.

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

7. CAPITAL STOCK AND OTHER EQUITY RESERVE (cont'd...)**Stock options (cont'd...)**

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

	<u>Weighted Average</u>	
	Number of Options	Exercise Price
Outstanding at December 31, 2016	3,617,500	\$0.25
Expired	(1,312,500)	\$0.15
Outstanding at March 31, 2018 and December 31, 2017	2,305,000	\$0.31

As at March 31, 2018, the following stock options were outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Remaining Life (years)	Exercise Price	Expiry Date
450,000	450,000	1.95	\$0.10	March 9, 2020
1,790,000	1,790,000	2.95	\$0.35	March 7, 2021
65,000	65,000	3.30	\$0.52	July 13, 2021
2,305,000	2,305,000			

The Company recognizes share-based payments expense for all stock options granted at fair value of the options granted. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, forfeiture rates, volatility factors, and expected life of the options. During the periods ended March 31, 2018 and March 31, 2017, the Company recognized share-based payments expense of \$Nil.

Other equity reserve

The following is a summary of changes in other equity reserve:

	Gain from related party debt settlement	Options and agent's warrants	Warrants	Total
Balances at March 31, 2018, December 31, 2017 and 2016	\$ 243,349	\$ 1,287,092	\$ 2,470,634	\$ 4,001,075

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Three months ended March 31, 2018	Three months ended March 31, 2017
Cash paid (received) during the year for interest	\$ -	\$ -
Cash paid (received) during the year for income taxes	\$ -	\$ -

The following were significant non-cash transactions affecting cash flows from investing and financing activities during the three months ended March 31, 2018:

- \$Nil of exploration and evaluation assets were included in accounts payable and accrued liabilities at March 31, 2018 (December 31, 2017 - \$44,843).

The following were significant non-cash transactions affecting cash flows from investing and financing activities during the three months ended March 31, 2017:

- \$193,783 of exploration and evaluation assets were included in accounts payable and accrued liabilities at March 31, 2017 (December 31, 2016 - \$156,090).
- \$23,769 of share issue costs were included in accounts payable and accrued liabilities at March 31, 2017 (December 31, 2016 - \$23,769).

9. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition, exploration and evaluation of exploration and evaluation assets in Ghana.

Geographical information is as follows:

	March 31, 2018	December 31, 2017
Exploration and evaluation assets Ghana	\$ -	\$ 2,169,808

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

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(unaudited)

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers components of equity in the management of capital.

The Company will continue to assess new properties and seek to acquire an interest in new properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the three month period ended March 31, 2018.

11. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and loans due to related parties.

The fair value of the Company's receivables, accounts payable and accrued liabilities and loans due to related parties approximate carrying value due to their short terms to maturity. The Company's other financial instrument, cash, is recorded at fair value, and under the fair value hierarchy is based on level one quoted prices in active markets for identical assets and liabilities.

The Company classifies the fair value of financial instruments according to the following hierarchy based on the relative reliability of the inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

CASTLE PEAK MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

March 31, 2018

(unaudited)

11. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd...)**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash are held with a major Canadian chartered bank and management believes the risk of loss to be remote. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As at March 31, 2018, the Company had cash of \$4,001,655 and current liabilities of \$252,693.

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 of future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash balances which earn interest at variable market interest rates, however, this exposure is considered to be minimal. The Company has no interest-bearing debt, and therefore, is not exposed to risk in the event of interest rate fluctuations.

b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's expenditures are predominantly in Canadian dollars, and US dollars. The Company has financial assets and liabilities denominated in US dollars as at March 31, 2018. Based on the Company's net exposure as at March 31, 2018, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an impact on profit or loss of \$403,429.

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 profit or loss 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.