Condensed interim consolidated financial statements of

GOLDEN TAG RESOURCES LTD.

June 30, 2018

(Unaudited)

GOLDEN TAG RESOURCES LTD.

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Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2018 and 2017
(Unaudited)

		As at		
		June 30, 2018 (unaudited) $	December 31, 2017 Restated (Note 4) $	December 31, 2016 Restated (Note 4) $
	Note			
Assets				
Current				
Cash		**37,570**	14,571	243,745
Marketable Securities	7	**557,120**	1,044,000	474,250
Other receivables	8	**33,446**	13,869	122,256
Prepaid expenses and deposits		**10,500**	14,141	2,205
Total current assets		**638,636**	**1,086,581**	**842,456**
Non-current assets				
Long term sales taxes receivable	8	**92,323**	**92,323**	**-**
Total assets		**730,959**	1,178,904	842,456
Liabilities				
Current				
Trade payables and deposit on property		**43,724**	30,549	84,661
Equity				
Share capital	10	**14,690,674**	14,690,674	14,690,674
Options reserve	11	**9,242**	9,242	41,107
Warrant reserve	10	**440,274**	440,274	440,274
Accumulated other comprehensive income		**403,649**	403,649	380,297
Deficit		**(14,856,604)**	(14,395,484)	(14,794,557)
Total equity		**687,235**	1,148,355	757,795
Total liabilities and equity		**730,959**	1,178,904	842,456

Going concern (note 1)
Related party transactions (note 15)
Contingencies and commitments (note 18)

Approved on Behalf of the Board**:**

Signed by: Marc Carrier, Director

Signed by: Bruce Robbins, Director

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

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Three months ended June 30, 2018 and 2017
(Unaudited)

	Note	**Three Months Ended June 30, 2018**	Three Months Ended June 30, 2017 Rested (Note 4)	**Six Months Ended June 30, 2018**	Six Months Ended June 30, 2017 Rested (Note 4)
		$	$	**$**	$
Management and consulting fees		**50,000**	30,000	**72,500**	50,000
Professional fees		**39,466**	43,672	**60,498**	54,273
Office expenses and sundry		**2,785**	2,347	**5,312**	8,604
Listing, filing, and transfer fees		**5,011**	4,961	**14,505**	14,265
Printing, promotion, shareholder Information and travel		**1,165**	2,848	**2,244**	2,848
Rent		**3,173**	3,066	**6,345**	6,132
Mineral Property expenses		**34,044**	8,648	**50,428**	23,478
Foreign exchange		**971**	1,405	**(570)**	7,591
		136,615	96,947	**211,262**	167,191
Finance income		**(13)**	(18)	**(13)**	(82)
Loss on sale of marketable			-	**-**	-
securities		**6,935**	-	**7,330**	-
Other Income		**-**	(1,000)	**-**	(1,000)
Unrealized loss on change in fair value of marketable securities		**85,538**	125,000	**242,538**	157,630
Loss and comprehensive loss for the period		**229,075**	220,929	**461,117**	323,739
Basic Loss per share	12	**0.003**	0.003	**0.006**	0.004
Diluted loss per share	12	**0.003**	0.003	**0.006**	0.004

Number of shares 2018 and 2017

	2018	2017
Weighed average number of shares – Basic	**78,926,558**	78,926,558
Weighed average number of shares – Diluted	**78,926,558**	78,926,558

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

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
Six months ended June 30, 2018 and 2017
(Unaudited)

	Number of Shares	Share capital (Note 10)	Options reserve	Warrants reserve	Deficit	Accumulated other comprehensive Income/loss	Total
		$	$	$	$	$	$
Balance as at January 1, 2018	78,926,558	14,690,674	9,242	440,274	(14,395,484	403,649	1,148,355
Comprehensive Loss	-	-	-	-	(461,117)	-	(461,117)
Balance as at June 30, 2018	78,926,558	14,690,674	9,242	440,274	(14,856,601)	403,649	687,238

	Number of Shares	Share capital (Note 10) $	Options reserve $	Warrants reserve $	Deficit $	Accumulated other comprehensive income $	Total $
Balance as at January 1, 2017 (Restated – Note 4)	78,926,558	14,690,674	41,107	440,274	(14,965,314)	551,052	757,793
Expired options	-	-	-	-	-	-	-
Stock base compensation	-	-	-	-	-	-	-
Comprehensive Loss	-	-	-	-	(323,739)	-	(323,739)
Balance as at June 30, 2017 (Restated – Note 4)	**78,926,558**	**14,690,674**	**41,1072**	**440,274**	**(15,289,053)**	**403,649**	**434,054**

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

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
Three months ended June 30, 2018 and 2017
(Unaudited)

	Note	**Three Months Ended June 30, 2018**	Three Months Ended June 30, 2017 Restated (Note 4)	**Six Months Ended June 30, 2018**	Six Months Ended June 30, 2017 Restated (Note 4)
		$	$	**$**	$
Operating activities					
Net loss		**(229,073)**	(220,929)	**(461,117)**	(323,739)
Non-cash items					
Changes in working capital items	13	**(51,255)**	18,938	**(2,688)**	(51,978)
Realized loss on sale of marketable securities		**85,588**	-	**163,842**	-
Unrealized loss on change in fair value of marketable securities		**212,792**	125,000	**323,038**	189,250
		18,051	(76,991)	**23,075**	(186,467)
Net increase (decrease) in cash		**18,051**	(76,991)	**23,075**	(186,467)
Cash, beginning of period		**19,519**	134,269	**14,495**	243,745
Cash, end of period		**37,570**	57,278	**37,570**	57,278

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

1. Nature of operation and going concern assumption

Golden Tag Resources Ltd. ("the Company") is incorporated under the Canada Business Corporations Act and is in the process of exploring its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The address of Golden Tag Resources Ltd.'s registered office and its principal place of business are 3608 Boul. St-Charles, Suite 16, Kirkland, Quebec, Canada. Golden Tag Resources Ltd.'s shares are listed on the TSX Venture Exchange, trading under the symbol "GOG."

These condensed interim consolidated statements comprise the financial statements of Golden Tag Resources Ltd. and its wholly owned subsidiary, Golden Tag de Mexico S.A., incorporated in Mexico.

These condensed interim consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and the Company has not yet generated income or cash flows from its operations. As at June 30, 2018, the Company had an accumulated deficit of $ 14,856,604 ($14,395,484 as at December 31, 2017)

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and support its administrative overhead. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

These factors indicate the existence of a material uncertainty regarding the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") under International Accounting Standard ("IAS") 34 – Interim Financial Reporting. Condensed interim consolidated financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis, unless specifically stated in the consolidated financial statements.

2. Basis of presentation *(Continued from previous page)*

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated, which is the Company's functional currency. The functional currency of the Company's Mexican subsidiary is the US dollar. The Company has adopted the Canadian dollar as its presentation currency.

3. Summary of significant accounting policies

These condensed interim consolidated financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 3 - Summary of Accounting Policies, as described in the Company's annual audited consolidated financial statements for the year ended December 31, 2017, except for the changes in accounting policies resulting from the adoption of new standards as described below.

IFRS 2 Share based payment

On June 20, 2016, the IASB published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including; (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, as well as (c) accounting for modifications of share-based payment transactions from cash-settled to equity. The Company adopted this standard on January 1, 2018. The adoption of the standard did not impact the condensed interim financial statements.

IFRS 9 Financial instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial instruments, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. The Company adopted this standard on January 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for ones that were recognized at the date of application. The change did not impact the carrying value of any financial instruments on this date.

Financial instruments

a) Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets/Liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash	Loans and receivables at amortized cost	Financial assets at amortized cost
Marketable securities	Fair value through profit or loss ("FVTPL")	FVTPL
Other receivables (excluding receivables from government)	Loans and receivables at amortized cost	Financial assets at amortized cost
Trade payables	Other financial liabilities at amortized cost	Financial liabilities at amortized cost

3. Summary of significant accounting policies ***(Continued from previous page)***

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

b) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. Given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of credit default, the loss allowance was $nil as at March 31, 2018.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

3. Summary of significant accounting policies *(Continued from previous page)*

As of January 1, 2018, the Company has adopted IFRS 15 and has concluded that the adoption had no significant impact on the Company's condensed interim consolidated financial statements as it does not have any revenues.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
Issued by the IASB in December 2016 and provides guidance on the issue of the "date of the transaction" for the purpose of determining the exchange rate at the time of the transaction, to apply to transactions that are within the scope of IAS 21, Effects of Changes in Foreign Exchange Rates, which involve the receipt or payment of an advance consideration in a foreign currency. The Company adopted this interpretation on January 1, 2018. The adoption of the interpretation did not impact the condensed interim financial statements.

Accounting standards issued but not yet effective

IFRS 16, Leases
Replaces the current guidance in IAS 17. The standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. For lessors, the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts). This standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. Management is in the process of evaluating the impact of this standard on the Company and does not anticipate any material impact from adopting this standard due to immaterial nature of the leases entered into by the Company.

IFRIC 23 Uncertainty Over Income Tax Treatments
Issued by the IASB in June 2017 and provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. Management is in the process of evaluating the impact of this standard on the Company.

4. Change in accounting policy

On October 1, 2017, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and exploration and evaluation expenditures to the specific mineral properties, net of recoveries received.

Under the new policy, acquisition costs and deferred exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision by the board of directors to proceed with mine development are expensed as incurred. As required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated consolidated statement of financial position as at January 1, 2016. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

Exploration expenses for the San Diego property as at December 31, 2017 were $ 10,411,657. An amount of $ 34,044 was expensed for the property in Quarter 2, 2018 for a total amount at the end of the period of $ 10,460,085.

4. Change in accounting policy (*continued from previous page*)

The impact of this change as at January 1, 2016 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Mineral properties	9,812,597	(9,812,597)	-
Total assets	9,931,432	(9,812,597)	118,835
Deficit	(7,016,106)	(7,183,796)	(14,199,902)
Accumulated other comprehensive income	2,779,164	(2,628,801)	150,363
Total shareholders' equity	9,825,330	(9,812,597)	12,733
Total liabilities and shareholders' equity	9,931,432	(9,812,597)	118,835

The impact of this change as at and for the three-month period ended June 30, 2017 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Mineral properties	10,393,736	(10,393,737)	-
Total Assets	10,866,448	(10,395,820)	470,628
Deficit	(6,869,881)	(8,419,172)	(15,289,053)
Accumulated other comprehensive income	2,527,700	-(1,976,648)	551,052
Total shareholders' equity	10,829,874	(10,395,821)	434,053
Total liabilities and shareholders' equity	10,829,874	(10,359,248)	470,628

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)			
Management, consulting, and directors’ fees	50,000	-	50,000
Professional fees	54,273	-	54,273
Offices expenses and sundry	8,605	-	8,605
Listings, filings, and transfer agency fees	14,265	-	14,265
Promotion and travel	2,848	-	2,848
Rent	6,132	-	6,132
Foreign Exchange	7,591	-	7,591
Expense of mineral properties	-	23,478	23,478
	143,714	23,478	167,192

4. Change in accounting policy (*continued from previous page*)

Reversal of write-down on E&E assets	-	-	-
Finance Income	(82)	-	(82)
Proceeds on sale of exploration & evaluation assets	-	-	-
Other income	(1,000)	-	(1,000)
Unrealized loss on change in fair value of marketable securities	157,630	-	157,630
Net income (loss) for the period	**(300,262)**	**-**	**(323,740)**
Average number of shares – basic and diluted			78,926,558
Basic and diluted (loss) per share			(0.004)

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Net income (loss)	(300,262)	(23,478)	(323,740)
Changes in working capital items	(54,060)	2,082	(51,978)
Unrealized loss (gain) on change in fair value of marketable securities	157,630	-	157,630

5. Critical accounting estimates, judgments and assumptions

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are detailed in note 5 to the Company's annual consolidated financial statements for the year ended December 31, 2017.

6. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Company to the Board of Directors. An analysis of the Company's business segments is set out below:

	Canada	**Mexico**	**June 30, 2018**	Canada	Mexico	June 30, 2017 (rested – note 4)
	$	**$**	**$**	$	$	$
Other operating expenses	**147,078**	**64,185**	**211,263**	124,311	42,880	167,191

7. Marketable securities

	June 30, 2018 $	December 31, 2017 $
Balance as at January 1,	**1,044,000**	474,250
Additions (disposals) in the period:		
Sirios Resources Inc. 700,000 (1,000,000 shares 2017)	**(31,500)**	(212,000)
		764,500
Rubicon 379,200 shares (Nil shares March 2017, 550,000 shares Dec 2017)	**(212,842)**	(18,000)
	799,658	534,500
Unrealized gain (loss) on change in fair value of Sirois Resources shares	**(80,500)**	35,250
Unrealized gain (loss) on change in fair value of Rubicon Mineral shares	**(162,038)**	
Balance as at March 31, 2018 and December 31, 2017	**557,120**	1,044,000

Marketable securities include the following components at fair value:

	June 30, 2018 $	December 31, 2017 $
Sirios Resources Inc. 700,000 shares (1,000,000 shares March 2017)	**140,000**	252,000
Rubicon 379,200 shares (Nil shares 2016)	**417,120**	792,000
	-	-
Total	**557,120**	1,044,000

8. Other receivables and long-term sales taxes receivable

Other receivables include the following components:

	June 30, 2018 $	December 31, 2017 $
Sales taxes receivable	**33,446**	13,869

Aging analysis	**June 30, 2018 $**	December 31, 2017 $
Current	**23,281**	5,648
30-90 days	**1,504**	1,867
Over 90 days (past due)	**8,661**	6,354
Total	**33,446**	13,869

The long-term sales taxes receivable are amounts in dispute with the Mexican government and the issue is currently in front of the Federal Administrative Justice Court.

9. Mineral properties

Québec Aquilon Main Property

In 2004, the Company signed a formal agreement with Sirios Resources Inc. ("Sirios") and Soquem Inc. ("Soquem") relating to this property. According to the agreement, the Company completed, in May 2011, the acquisition of a 60% stake in the property whereby Sirios held a 40% stake in the property and Soquem has a 1% Net Smelter Return ("NSR"). On October 22, 2010 (amended in 2012), the Company and Sirios signed an agreement in which Sirios has to pay $15,000 to the Company at the signing of the agreement as well as incur over $610,000 in expenditures on the property before June 15, 2014, in order to increase Sirios' interest in the property from 40% to 50%. This level of expenditures was achieved; titles were passed.

On October 15, 2015, the Company signed an agreement giving a third party ('the Buyer') an option to buy the Company's remaining 50% stake in the property upon collecting from the Buyer $1,000,000 of which $60,000 had been collected and recorded in deposit on property as at December 31, 2015. In the first quarter of 2016, the Company collected another $20,000 and the Buyer defaulted on the last $20,000 and the Company sent the Buyer a formal letter of termination.

During the third quarter of 2016, the Company sold the property for $250,000 cash and 1,000,000 shares of Sirios Resources Inc. (Note 7) valued at $1,060,000.

Quebec Verneuil Property

The Company and Viking Gold Exploration Inc. (formerly Freewest Resources Canada Inc.) held a 30% / 70% interest respectively in a group of 44 mining claims (the "Verneuil Claims") and these claims were subject to a ½% NSR.

During the year ended December 31, 2016, the Company sold its interest in the property for $10,000 cash and 150,000 shares of Cartier Resources Inc. (Note 7) valued at $18,000.

Ontario McCuaig Property

The Company and Rubicon Minerals Company had formed a joint operation in three mining claims in Red Lake, Ontario. The Company's participating interest in the property was 40%. During the year, the Company sold its interest in the property for 550,000 shares of Rubicon Minerals (Note 7) valued at $764,500.

Mexico San Diego Property

The Company, through its wholly-owned subsidiary, and Golden Minerals Company (formerly ECU Silver Mining Inc.) held a 50% interest in the San Diego Property, Durango State, Mexico.

During the third quarter of 2016, the Company acquired the remaining 50% of the San Diego property for $500,000 USD in cash consideration and 2,500,000 shares of the Company, which were valued at $275,000, based on the stock price on the date of the issuance. Golden Minerals will retain a 2% NSR on the property.

This is the only mining property that the Company holds the rights to explore as at June 30, 2018.

10. Equity

Share capital

Authorized: An unlimited number of the following classes of shares:

Common shares, voting

Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

Shares issued and fully paid	**#**	**$**
Total common shares issued and fully paid June 30, 2018 and December 31, 2017	78,926,558	14,690,674

Share purchase warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares is as follows*:*

	2018		2017	
	#	**Weighted average exercise price $**	#	Weighted average exercise price $
Balance as at January 1,	**18,880,000**	**0.07-0.12**	18,880,000	0.07-0.12
Issued – on private placement	**-**	**-**	-	-
Issued – broker warrants	**-**	**-**	-	-
Balance as at June 30, 2018 and December 31,2017	**18,880,000**	**0.07-0.12**	18,880,000	0.07-0.12

At June 30, 2018, the following exercisable warrants were outstanding:

Warrants	**Price**	**Expiry**
18,000,000	.012	June 27, 2021
880,0000	.012	July 28, 2018
18,880,000	-.012	

11. Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plans is 7,834,191 and the maximum number of shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the time of the grant. The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award date, and the term of the options cannot exceed five years and unexercised options are cancelled 30 days after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors at the time of grant. All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

Outstanding Options entitle their holders to subscribe to an equivalent number of common shares is as follows*:*

	2018		2017	
	#	**Weighted average exercise price $**	#	Weighted average exercise price $
Balance as at January 1,	**3,200,000**	**0.05**	250,000	0.22
Issued	**-**	**-**	3,200,000	0.05
Expired	**-**	**-**	(250,000)	0.22
Balance as at December 31,	**3,200,000**	**0.05**	3,200,000	0.05

The options fair value was determined to be $91,996 using the Black Scholes model with the following assumptions: life of 5 years, volatility of 100%, risk free interest rate of 1.82% and dividends yield of 0%. Volatility is calculated based on comparable companies. As at June 30, 2018, 1,066,667 options had vested.

12. Loss per share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as their exercise prices were higher than the Company's share price as at June 30, 2018 and 2017. Details of share options and warrants issued that could potentially dilute loss per share in the future are given in Note 10 and Note 11.

Both the basic and diluted loss per share have been calculated using the loss as the numerator, i.e. no adjustment to the loss were necessary for the period ended June 30, 2018 and June 30, 2017 respectively.

	2018 **$**	2017 $
Loss for the period	**461,117**	323,739
Weighted average number of shares in circulation	**78,926,558**	78,926,558
Basic and diluted loss per share	**0.006**	0.004

13. Additional cash flow information

The changes in working capital items are as follows:

	June 30, 2018 **$**	June 30, 2017 (restated – note 4) $
Other receivables	**(19,500)**	(3,889)
Prepaid expenses and deposits	**3,641**	-
Trade Payables and deposit on property	**13,171**	(48,089)
	(2,688)	(51,978)

14. Related party transactions

The Company's related parties include private companies controlled by directors, immediate family member of a director, and joint key management, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as members of key management personnel remuneration includes the following expenses:

14. Related party transactions (*continued from previous page*)

	6 Months ended June 30, 2018 $	6 Months ended June 30, 2017 $
Management and administration fees paid to private companies controlled by directors	**72,500**	50,000
Management and administrative fees paid to directors	**-**	-
Mineral properties expenditures paid to private companies controlled by directors	**26,591**	5,350

A private company controlled by one of the Company's directors, waived its right to $55,000 of management fees it is entitled to for the year ended December 31, 2017, under an executive services agreement (note 18), until such time that the private company resigns, the management fee agreement is not renewed or there is a merger or takeover of the Company, at which time the amount would become due and payable.

15. Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company's capital items are cash and cash equivalents, marketable securities and common shares. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. 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 team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management since the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

16. Financial instruments risks

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Company's short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

16. Financial instruments risks *(Continued from previous page)*

The most significant financial risks to which the Company is exposed are described below. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk, market risk on the marketable securities nd certain other price risks, which result from both its operating and investing activities. No changes were made in the objectives, policies and processes during the reporting periods.

Foreign currency risk

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US dollars and Mexican Pesos since a portion of the Company's expenditures related to exploration and evaluation activities are incurred in US dollars and Mexican Pesos. The Company does not enter into arrangements to hedge its foreign exchange risk.

Financial instruments denominated in foreign currency are as follows:

Short-term exposure	**June 30, 2018**	December 31, 2017
	$	$
US dollars		
Cash	**8,260**	2,522
Trade payables and accrued liabilities	**(8,656)**	(7,824)
Total short-term exposure	**(396)**	(5,302)

Short-term exposure	**June 30, 2018**	December 31, 2017
	$	$
Mexican Pesos		
Cash	**19,002**	4,845
Trade payables and accrued liabilities	**(54,585)**	(11,426)
Total short-term exposure	**(35,583)**	(6,581)

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets. The Company has no trade accounts. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

16. Financial instruments risks *(Continued from previous page)*

The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Within 3 months	
	June 30, 2018 $	December 31, 2017 $
Trade payables and accrued liabilities	**43,724**	30,549

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

17. Contingencies and commitments

The Company’s operations are subject to governmental laws and regulations regarding environmental protection. Environments consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company’s operations are in compliance with all applicable laws and regulations. Provisions for estimated costs are recorded when environmental remedial efforts are likely and costs can be reasonably estimated.

The Company has an executive services agreement in place, with a private company controlled by one of its directors, dated October 1, 2013 for a five year term, and renewed during the current year for another one year, whereby a sum equivalent to both the Base Fees of $65,000 and the Conditional Fees of $80,000 for the next two-year period, irrespective of the Company’s financial condition, is to be made should the director die or become permanently incapacitated in a manner that prevents his private company from properly performing the services. Effective this current year, the contract has been extended for an additional two year period

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