Pure Gold Mining Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

Notice of no Auditor Review of
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 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 condensed interim consolidated financial statements of Pure Gold Mining Inc. (the “Company”) as at September 30, 2018, and for the three and six months ended September 30, 2018, have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (“CPA Canada”) for a review of interim financial statements by an entity’s auditor.

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	As at September 30, 2018	As at March 31, 2018
ASSETS		
Current Assets		
Cash	$ 11,404,506	$ 7,420,078
Short-term investments *(Note 5)*	23,000	23,000
Amounts receivable *(Note 6)*	533,493	684,873
Prepaid expenses *(Note 7)*	300,756	434,841
Interest receivable	-	216
	12,261,755	8,563,008
Non-current Assets		
Exploration and evaluation asset acquisition costs *(Note 8a)*	7,703,335	7,818,750
Property, plant and equipment *(Note 9)*	6,561,694	6,539,778
Reclamation deposits *(Note 10)*	1,322,799	1,434,735
Deposit *(Note 13)*	305,280	305,280
Total Assets	$ 28,154,863	$ 24,661,551
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,256,575	$ 2,664,211
Flow-through premium liability *(Note 15d)*	360,000	402,506
Provisions	-	251,053
	2,616,575	3,317,770
Non-current Liabilities		
Provision for closure and reclamation *(Note 11)*	2,282,468	2,372,958
Total Liabilities	4,899,043	5,690,728
Equity		
Share capital *(Note 12a)*	108,316,841	90,066,272
Equity reserves *(Note 12b,12c and 12d)*	9,970,827	8,139,014
Accumulated deficit	(95,031,848)	(79,234,463)
Total Equity	23,255,820	18,970,823
Total Liabilities and Equity	$ 28,154,863	$ 24,661,551

Commitments & Contingencies *(Note 15)*

Approved by the Audit Committee of the Board of Directors on November 15, 2018:

“Lenard Boggio”, Audit Committee Chair

“Graeme Currie”, Director

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements –

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the six months ended September 30, 2018	For the six months ended September 30, 2017
Expenses				
Exploration and evaluation expenditures *(Note 8b)*	$ 7,183,704	$ 6,542,934	$ 14,472,374	$ 13,351,853
Wages, consulting and director fees	309,778	279,100	602,332	568,275
Share-based compensation *(Note 12d)*	293,256	216,386	573,269	416,218
Office and rent	151,463	131,663	307,716	272,266
Professional fees	118,483	64,033	217,287	108,656
Investor relations and communication	90,410	170,942	152,544	273,359
Listing and filing fees	21,490	20,050	41,234	36,325
Administrative travel	21,046	-	22,670	941
Depreciation	2,432	2,929	5,392	6,243
Total Expenses	(8,192,062)	(7,428,037)	(16,394,818)	(15,034,136)
Other Income and Expenses				
Finance income	82,561	24,743	142,413	61,200
Administration Fee *(Note 8d)*	21,491	-	81,042	-
Gain on disposal of property, plant and equipment *(Note 9)*	-	-	-	8,629
Accretion expense *(Note 11)*	(12,623)	(9,665)	(24,925)	(19,404)
Finance Expense	(1,312)	(2,342)	(3,603)	(4,881)
Total Other Income	90,117	12,736	194,927	45,544
Loss before income taxes	(8,101,945)	(7,415,301)	(16,199,891)	(14,988,592)
Income tax recovery *(Note 15c)*	-	-	402,506	-
Net Loss and Comprehensive Loss for the Period	$ (8,101,945)	$ (7,415,301)	$ (15,797,385)	$ (14,988,592)
Weighted Average Number of Common Shares Outstanding	256,338,876	191,578,375	246,584,976	191,554,862
		-		-
Basic and Diluted Loss per Common Share	$ (0.03)	$ (0.04)	$ (0.06)	$ (0.08)

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements –

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	Number of Common Shares		Share Capital		Equity Reserves		Accumulated Deficit		Total
Balance – March 31, 2017	191,531,092	$	74,118,556	$	6,634,106	$	(53,073,395)	$	27,679,267
Exercised options	75,000		12,000		-		-		12,000
Fair value of exercised options (*Note 12d)*	-		7,830		(7,830)		-		-
Share-based compensation *(Note 12d)*	-		-		416,218		-		416,218
Net loss for the period	-		-		-		(14,988,592)		(14,988,592)
Balance – September 30, 2017	191,606,092	$	74,138,386	$	7,042,494	$	(68,061,987)	$	13,118,893
Super Flow-through common share issuance *(Note 12b)*	8,690,000		6,300,250		-		-		6,300,250
Super Flow-through premium liability	-		(1,346,950)		-		-		(1,346,950)
Flow-through common share issuance *(Note 12b)*	8,061,125		5,159,120		-		-		5,159,120
Flow-through premium liability	-		(564,279)		-		-		(564,279)
Common share issuance *(Note 12b)*	14,862,167		7,728,327		-		-		7,728,327
Share issue costs – cash	-		(1,384,642)		-		-		(1,384,642)
Exercised stock options	100,000		20,000		-		-		20,000
Fair value of exercised stock options *(Note 12d)*	-		16,060		(16,060)		-		-
Share-based compensation *(Note 12d)*	-		-		1,112,580		-		1,112,580
Net loss for the period	-		-		-		(11,172,476)		(11,172,476)
Balance – March 31, 2018	223,319,384	$	90,066,272	$	8,139,014	$	(79,234,463)	$	18,970,823
Flow-through common share issuance *(Note 12b)*	4,000,000		3,000,000		-		-		3,000,000
Flow-through premium liability	-		(360,000)		-		-		(360,000)
Common share issuance *(Note 12b)*	28,930,000		17,936,600		-		-		17,936,600
Share issue costs – cash	-		(1,087,520)		-		-		(1,087,520)
Fair value of warrants issued with common shares *(Note 12b)*	-		(1,346,990)		1,346,990		-		-
Share issue costs allocated to warrants	-		74,377		(74,377)		-		-
Exercised stock options	91,666		20,033		-		-		20,033
Fair value of exercised stock options *(Note 12d)*	-		14,069		(14,069)		-		-
Share-based compensation *(Note 12d)*	-		-		573,269		-		573,269
Net loss for the period	-		-		-		(15,797,385)		(15,797,385)
Balance – September 30, 2018	256,341,050	$	108,316,841	$	9,970,827	$	(95,031,848)	$	23,255,820

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the six months ended September 30, 2018	For the six months ended September 30, 2017
Operating Activities		
Net loss for the period	$ (15,797,385)	$ (14,988,592)
Items not affecting cash:		
Deferred income tax recovery	(402,506)	-
Share-based compensation (*Note 12d*)	573,269	416,218
Depreciation (*Note 9*)	87,320	70,657
Accretion expense (*Note 11*)	24,925	19,404
Gain on disposal of property, plant and equipment	-	(8,629)
Finance expense	3,603	4,881
Finance income	(142,413)	(61,200)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(415,839)	516,416
Provisions	(251,053)	-
Prepaid expenses	115,085	687,629
Amounts receivable	151,380	121,896
Net cash used in operating activities	(16,053,614)	(13,221,320)
Investing Activities		
Proceeds from disposal of property, plant and equipment	-	15,000
Reclamation deposits (*Note 10*)	111,936	-
Interest received	142,630	61,331
Property, plant and equipment (*Note 9*)	(71,037)	(383,564)
Net cash provided by (used in) investing activities	183,529	(307,233)
Financing Activities		
Proceeds from financing *(Note 12b)*	20,936,600	-
Proceeds from exercised stock options (*Note 12d*)	20,033	12,000
Share issue costs	(1,087,520)	-
Repayment of finance lease obligation (*Note 15*)	(14,600)	(14,400)
Net cash provided by (used in) financing activities	19,854,513	(2,400)
Net Increase (Decrease) in Cash	3,984,428	(13,530,953)
Cash - Beginning of the Period	7,420,078	16,508,815
Cash - End of the Period	$ 11,404,506	$ 2,977,862

Supplemental Cash Flow Information *(Note 16)*

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

1. GENERAL INFORMATION

Pure Gold Mining Inc. ("Pure Gold" or the "Company"), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "PGM." The Company's head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's records office and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is an exploration stage business focusing on the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company's principal mineral property is the Madsen Gold Project located near Red Lake, Ontario.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34").

These condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2018.

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's audited financial statements for the year ended March 31, 2018, except as described in Note 3.

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements, except as described below.

IFRS 9 – Financial Instruments

On April 1, 2018 the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities:

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS (continued)

Account	IAS 39 Classification	IFRS 9 Classification
Cash	Amortized Cost	Amortized Cost
Sales taxes receivable	Amortized Cost	Amortized Cost
Other receivables	Amortized Cost	Amortized Cost
Deposits	Amortized Cost	Amortized Cost
Trade payables	Amortized Cost	Amortized Cost
Accrued liabilities	Amortized Cost	Amortized Cost

The standard also had no impact on the carrying value of the Company's financial instruments at the transition date. The following are the significant accounting policies which have been amended as a result of IFRS 9, and applied at April 1, 2018:

Financial Instruments

(i) Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held in banks and call deposits with original maturities of three months or less and guaranteed investment certificates with no penalty for early redemption. Cash and cash equivalents are classified as subsequently measured at amortized cost. At September 30, 2018 the Company has no cash equivalents as all cash is held in a bank account.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Amounts receivable and deposits have been classified under this category. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost. Trade receivables are recorded net of lifetime expected credit losses.

(ii) Financial Liabilities

Accounts Payable and Accrued and Other Liabilities

Accounts payable, accrued and other liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost. Financial liabilities are classified as current or non-current based on their maturity date.

Expected Credit Losses

The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized on initial recognition of trade receivables.

Future IFRS Pronouncements

IFRS 16 – Leases

IFRS 16 - *Leases* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and

(Expressed in Canadian Dollars Unless Noted Otherwise)

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS (continued)

liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has begun preliminary internal discussions to evaluate the impact of the adoption of this standard on its consolidated financial statements, and does not presently expect it to have a significant impact.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements.

5. SHORT-TERM INVESTMENTS

As of September 30, 2018, the Company has invested $23,000 (March 31, 2018 - $23,000) into a Guaranteed Investment Certificate ("GIC") with a Canadian financial institution. The GIC yields interest at a rate of 1.60% and has an original maturity date of greater than three months but not more than one year.

6. AMOUNTS RECEIVABLE

Amounts receivable comprised of the following:

	Six Months Ended September 30, 2018	Year Ended March 31, 2018
Refundable goods and services tax/ harmonized sales tax	$ 525,584	$ 645,696
Other	7,909	39,177
Total	**$ 533,493**	**$ 684,873**

7. PREPAID EXPENSES

Prepaid expenses comprised of the following:

	Six Months Ended September 30, 2018	Year Ended March 31, 2018
Advances for Madsen work programs	$ 120,440	$ 260,697
Insurance and benefits premiums	46,585	66,616
Surety bond premium	8,017	32,068
Software licenses	91,697	25,020
Investor relations and communication	11,331	31,286
Other	22,686	19,154
Total	**$ 300,756**	**$ 434,841**

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

a. Acquisition Costs

Details of the Company's acquisition costs for its exploration and evaluation assets are as follows:

	Madsen Gold Project
Balance – March 31, 2017	$ 7,969,320
Change in estimate of provision for closure and reclamation	(150,570)
Balance – March 31, 2018	**$ 7,818,750**

	Madsen Gold Project
Balance – March 31, 2018	$ 7,818,750
Change in estimate of provision for closure and reclamation	(115,415)
Balance – September 30, 2018	**$ 7,703,335**

b. Expenditures

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the consolidated statement of loss and comprehensive loss, are as follows:

For the six months ended September 30, 2018	Madsen Gold Project	Other Properties[(1)]	Total
Drilling	$ 1,850,825	$ -	$ 1,850,825
Contractors / consultants	2,028,649	-	2,028,649
Bulk Sample	4,570,043	-	4,570,043
Definitive Feasibility Study	1,818,694	-	1,818,694
Assaying and geochemical	896,414	-	896,414
Engineering	1,103,305	-	1,103,305
Salaries, wages and benefits	598,670	-	598,670
Equipment rental	263,610	-	263,610
Camp & field costs	354,198	-	354,198
Travel and accommodation	178,736	-	178,736
Utilities	410,788	-	410,788
Property fees	45,658	3,955	49,613
Supplies	110,328	-	110,328
Community & safety	108,664	-	108,664
Depreciation	81,928	-	81,928
Administration and other	14,018	-	14,018
Refundable mineral exploration tax credit	-	33,891	33,891
Expenditures for the period	**14,434,528**	**37,846**	**14,472,374**
Cumulative balance – March 31, 2018	57,885,669	8,220,251	66,105,920
Cumulative balance – September 30, 2018	**$ 72,320,197**	**$ 8,258,097**	**$ 80,578,294**

(1) Other properties include Van Horne and generative projects.

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

For the year ended March 31, 2018	Madsen Gold Project	Other Properties[(1)]	Total
Drilling	$ 9,162,528	$ -	$ 9,162,528
Engineering	5,497,422	-	5,497,422
Contractors / consultants	4,823,502	47,815	4,871,317
Assaying and geochemical	1,694,043	-	1,694,043
Salaries, wages and benefits	1,309,413	-	1,309,413
Camp & field costs	877,804	-	877,804
Equipment rental	793,729	-	793,729
Utilities	691,917	-	691,917
Travel and accommodation	436,167	-	436,167
Geologic modelling & surveying	191,027	-	191,027
Supplies	165,320	-	165,320
Depreciation	145,377	-	145,377
Community & safety	116,145	-	116,145
Property fees	50,624	4,258	54,882
Administration and other	25,806	-	25,806
Refundable mineral exploration tax credit	-	310,124	310,124
Expenditures for the period	**25,980,824**	**362,197**	**26,343,021**
Cumulative balance – March 31, 2017	31,904,845	7,858,054	39,762,899
Cumulative balance – March 31, 2018	**$ 57,885,669**	**$ 8,220,251**	**$ 66,105,920**

(1) Other properties include Van Horne and generative projects.

c. Madsen Gold Project, Ontario

On March 4, 2014, the Company acquired a 100% interest in the Madsen Gold Project from Claude Resources Inc. ("Claude"). The Madsen Gold Project is located in the Red Lake gold camp of Northwestern Ontario.

On June 24, 2014, the Company acquired a 100% interest in the Newman-Madsen Property from Sabina Gold and Silver Corp ("Sabina"). The Newman-Madsen Property is considered part of the Madsen Gold Project. Certain of the Newman-Madsen claims acquired are subject to royalty arrangements based on Net Smelter Returns ("NSRs") ranging from 0.5% to 3%. Of the known resources on the Madsen Gold Project, only the Russet South resources are subject to a 2% NSR which is capped at $2,000,000.

On December 30, 2015, the Company entered into an agreement (the "Buffalo Agreement") to sell 28 mineral claims of the Madsen Gold Project to Premier Gold Mines Ltd ("Premier"), in exchange for $2,500,000 in cash, $2,500,000 in common shares of Premier, and a 1% NSR royalty on substantially all of the claims sold. On December 30, 2015, the Company received cash of $2,000,000, and 1,001,721 common shares of Premier, while Premier received the underlying mineral rights of the claims being sold. On May 20, 2016, the Company received the final $500,000 while Premier received the surface rights to the claims.

Derlak

On March 10, 2017, the Company acquired a 100% interest in the Derlak Gold Property from Orefinders Resources Inc. ("Orefinders"). The Derlak Gold Property is considered part of the Madsen Gold Project.

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

Upon completion of the acquisition, Pure Gold issued 1,290,322 of its common shares to Orefinders (fair value of $696,774), and paid $500,000 in cash. The 11 claims acquired are subject to a royalty arrangement based on a Net Smelter Return ("NSR") of 3%.

d. Van Horne Property, Ontario

During the year ended March 31, 2018, the Company completed the acquisition of surface rights at its Van Horne property at a cost of $113,900.

On March 12, 2018, the Company signed an option agreement with KG Exploration Canada Inc. ("Kinross") a subsidiary of Kinross Gold Corp. whereby Kinross has the option to acquire up to a 70% interest in the Company's Van Horne property. To earn its 70% interest Kinross must spend a total of $4,000,000 on Van Horne over a four year period, with a committed minimum of $750,000 in year one, and pay to the Company $100,000. Kinross may also satisfy the expenditures by making a cash payment to the Company.

The Company has been appointed as operator for calendar 2018, and as such, is entitled to an administration fee equal to 10% of the approved exploration expenditures.

As at September 30, 2018, the Company had received $910,204 in aggregate funding from Kinross and incurred an aggregate of $901,999 on exploration expenditures. As a result, the Company had a remaining cash call balance of $8,205.

As operator, the following costs were incurred on behalf of Kinross and accordingly, were not included in the Company's exploration and evaluation expenditures:

	Six months ended September 30, 2018
Geological consulting	$ 330,513
Drilling	146,545
Surveying	130,639
Field expenses	120,040
Administration fee	91,577
Assaying	74,549
Staking	8,136
Cash calls / funds used	(910,204)
	$ 8,205

(Expressed in Canadian Dollars Unless Noted Otherwise)

9. PROPERTY, PLANT AND EQUIPMENT

Six Months Ended September 30, 2018								
Cost	Computer Equipment & Software ($)	Office Furniture & Other Equipment ($)	Land ($)	Vehicles ($)	Exploration Equipment & Infrastructure ($)	Mill ($)	Mine Property & Equipment ($)	Total ($)
March 31, 2018	132,130	66,486	5,066,363	33,396	908,462	616,650	140,325	6,963,812
Additions	550	647	-	-	92,715	-	32,920	126,832
Disposals	-	-	(17,596)	-	-	-	-	(17,596)
September 30, 2018	132,680	67,133	5,048,767	33,396	1,001,177	616,650	173,245	7,073,048
Accumulated Depreciation								
March 31, 2018	(116,674)	(29,184)	-	(14,692)	(243,526)	-	(19,958)	(424,034)
Depreciation	(5,269)	(3,805)	-	(3,055)	(66,055)	-	(9,136)	(87,320)
Disposals	-	-	-	-	-	-	-	-
September 30, 2018	(121,943)	(32,989)	-	(17,747)	(309,581)	-	(29,094)	(511,354)
Carrying Amounts								
March 31, 2018	**15,456**	**37,302**	**5,066,363**	**18,704**	**664,936**	**616,650**	**120,367**	**6,539,778**
September 30, 2018	**10,737**	**34,144**	**5,048,767**	**15,649**	**691,596**	**616,650**	**144,151**	**6,561,694**

Year Ended March 31, 2018								
Cost	Computer Equipment & Software ($)	Office Furniture & Other Equipment ($)	Land ($)	Vehicles ($)	Exploration Equipment & Infrastructure ($)	Mill ($)	Mine Property & Equipment ($)	Total ($)
March 31, 2017	120,620	106,541	4,952,463	33,396	602,058	616,650	139,300	6,571,028
Additions	11,510	8,104	113,900	-	306,404	-	1,025	440,943
Disposals	-	(48,159)	-	-	-	-	-	(48,159)
March 31, 2018	132,130	66,486	5,066,363	33,396	908,462	616,650	140,325	6,963,812
Accumulated Depreciation								
March 31, 2017	(104,833)	(62,209)	-	(6,676)	(127,308)	-	(7,287)	(308,313)
Depreciation	(11,841)	(8,764)	-	(8,016)	(116,218)	-	(12,671)	(157,510)
Disposals	-	41,789	-	-	-	-	-	41,789
March 31, 2018	(116,674)	(29,184)	-	(14,692)	(243,526)	-	(19,958)	(424,034)
Carrying Amounts								
March 31, 2017	**15,787**	**44,332**	**4,952,463**	**26,720**	**474,750**	**616,650**	**132,013**	**6,262,715**
March 31, 2018	**15,456**	**37,302**	**5,066,363**	**18,704**	**664,936**	**616,650**	**120,367**	**6,539,778**

No depreciation or depletion has been recorded for the mill as these assets are not ready for use as intended by management. Land has not been depreciated as it has an unlimited useful life.

The carrying value of property, plant, and equipment under finance leases at September 30, 2018 was $34,167 (March 31, 2018 - $105,283).

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10. RECLAMATION DEPOSITS

In December 2017, the Company established a surety bonding arrangement with a United States-based surety group (the "Surety"), with respect to two separate Closure Plans for the Madsen Gold Project, to replace certain letters of credit on file with the Minister of Northern Development and Mines ("MNDM"). As a condition for the Surety providing two surety bonds pertaining to the Closure Plans, the Company was required to make a deposit of $1,322,799, as collateral with a US bank. The deposit currently yields interest at a rate of 1.93% per annum and has no maturity date. The surety bonds were accepted by the MNDM in December 2017 and the MNDM issued instructions to cancel six separate letters of credit previously issued by a Canadian financial institution.

In May 2018 MNDM released the Company's remaining financial assurance letter of credit supported by a deposit of $111,936 on deposit with a Canadian financial institution in respect of the 28 mineral claims sold to Premier. Upon release of the funds, the Company paid Premier 50% of the value ($55,968) as required under the Buffalo Agreement, and removed the related provision of $55,968 that was recorded at March 31, 2018.

The collateral required by the Surety has resulted in a reclamation deposit balance at September 30, 2018 of $1,322,799 (March 31, 2018 - $1,434,735). All deposits are classified as long-term, regardless of their term, as the funds will remain on deposit until the surety bonds are extinguished.

11. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its Madsen Gold Project and has determined that no significant closure and reclamation liabilities exist in connection with the exploration activities on its other exploration and evaluation assets. The Company has calculated the present value of the closure and reclamation provision at September 30, 2018 using a pre-tax discount rate of 2.42% and inflation rate of 2.00% (March 31, 2018 – 2.09% and 2.00%, respectively). The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for closure and reclamation at September 30, 2018 is $3,247,732 (March 31, 2018 - $3,252,998). The Company has estimated that payments will be made in 2033 (March 31, 2018 – 2033).

	Six Months Ended September 30, 2018	Year Ended March 31, 2018
Balance, beginning of the period	$ 2,372,958	$ 2,480,540
New estimated cash flows and changes in estimates	(115,415)	(150,570)
Accretion on discounted obligation	24,925	42,988
Balance, end of the period	**$ 2,282,468**	**$ 2,372,958**

12. EQUITY

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

b. Private Placements

On May 24, 2018 the Company completed a bought deal private placement of 16,130,000 units at a price of $0.62 per unit (the "Units"), and 4,000,000 Flow Through Shares (the "FT Shares") at a price of $0.75 per FT Share, for gross proceeds of $13,000,600. Each Unit consists of one common share of

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12. EQUITY (continued)

the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant is transferrable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of C$0.85. In connection with the private placement, the Company paid the underwriters a cash commission equal to 6.0% of the gross proceeds.

Concurrent with the above bought deal private placement, the Company completed a non-brokered private placement with Anglogold Ashanti Limited for 12,800,000 Units of the Company at $0.62 per Unit for gross proceeds of $7,936,000, increasing its ownership percentage in the Company to 14.9% of the common shares issued and outstanding on a non-diluted basis.

In connection with the above transactions the Company paid commissions, legal fees and filing fees totaling $1,087,520.

The Warrants issued have been valued at $1,272,613 ($1,346,990 net of allocated share issuance costs of $74,377) using the Black-Scholes option pricing model with the following assumptions:

Assumptions	
Risk-free interest rate	1.99%
Expected stock price volatility	50.62%
Expected dividend yield	0.00%
Expected life of warrants	2 years

On November 1, 2017, the Company completed a bought deal private placement of 8,690,000 super flow-through common shares ("Super FT Shares"), at a price of $0.725 per Super FT Share, 8,061,125 flow-through common shares ("FT Shares"), at a price of $0.64 per FT Share, and 14,862,167 common shares at a price of $0.52 per common share for aggregate gross proceeds of $19,187,697. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling $1,384,642.

c. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the six months ended September 30, 2018 and the year ended March 31, 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Balance - March 31, 2017 and March 31, 2018	-	-
Issued	14,465,000	$0.85
Outstanding Balance – September 30, 2018	**14,465,000**	**$0.85**

At the time of issuance, the 14,465,000 share purchase warrants had a fair value of $1,272,613 ($1,346,990 net of allocated share issuance costs of $74,377), which is included in equity reserves in the Company's consolidated statement of financial position at September 30, 2018.

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12. EQUITY (continued)

d. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or technical and administrative company employees (Note 13). Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for options.

At September 30, 2018, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Life in Years	Number of Options Exercisable
April 8, 2019	$0.35	3,530,000	0.52	3,530,000
May 13, 2019	$0.32	150,000	0.62	150,000
February 10, 2020	$0.35	200,000	1.36	200,000
March 19, 2020	$0.28	650,000	1.47	650,000
December 3, 2020	$0.11	50,000	2.18	16,667
December 11, 2020	$0.11	2,730,000	2.20	2,370,000
May 26, 2021	$0.63	400,000	2.65	266,666
October 11, 2021	$0.72	300,000	2.03	100,000
November 14, 2021	$0.72	75,000	3.13	75,000
December 21, 2021	$0.44	4,645,000	3.23	2,748,334
June 16, 2022	$0.54	200,000	3.71	200,000
July 24, 2022	$0.54	100,000	3.82	33,333
December 15, 2022	$0.49	5,170,000	4.21	1,800,000
June 5, 2023	$0.65	50,000	4.68	-
June 11, 2023	$0.65	200,000	4.70	-
	$0.39	**18,450,000**	**2.74**	**12,140,000**

The options exercisable at September 30, 2018 have a weighted average exercise price of $0.35.

Details of options granted, exercised, expired and forfeited during the six months ended September 30, 2018 and the year ended March 31, 2018 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – March 31, 2017	13,023,333	$0.34
Granted during the period	5,470,000	$0.49
Exercised during the period	(175,000)	$0.18
Forfeited during the period	(26,667)	$0.32
Balance – March 31, 2018	**18,291,666**	**$0.39**
Granted during the period	250,000	$0.65
Exercised during the period	(91,666)	$0.22
Balance – September 30, 2018	**18,450,000**	**$0.39**

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12. EQUITY (continued)

Granting of Options

The fair value of newly granted options are calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the six months ended September 30, 2018 and the year ended March 31, 2018 were as follows:

Issue Date	Expected Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility[1]	Weighted Average Black-Scholes Fair Value
June 16, 2017	5.0	$0.54	1.14%	90.87%	$0.38
July 24, 2017	5.0	$0.54	1.56%	90.85%	$0.37
December 15, 2017	5.0	$0.49	1.66%	90.86%	$0.34
June 5, 2018	5.0	$0.65	2.16%	84.23%	$0.44
June 11, 2018	5.0	$0.65	2.17%	84.16%	$0.44

[1]Volatility was determined using the average historic volatility of a number of comparable companies, calculated over the same period as the expected life of the option.

Options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date. The following option grants are subject to alternate vesting provisions:

(i) The 200,000 options granted June 16, 2017 were granted to a consultant and subject to vesting provisions whereby one half will vest six months from the grant date, and one half will vest one year from the grant date.

(ii) 1,800,000 of the 5,170,000 options granted December 15, 2017 were granted to non-executive directors and vested immediately. The remaining 3,370,000 options were granted to employees and consultants and subject to typical vesting provisions.

(iii) The 200,000 options granted June 11, 2018 were granted to a consultant and subject to vesting provisions whereby one half will vest six months from the grant date, and one half will vest one year from the grant date.

Exercise of Options

During the six months ended September 30, 2018, 30,000 stock options with an exercise price of $0.35, 53,333 stock options with an exercise price of $0.11, and 8,333 stock options with an exercise price of $0.44 were exercised for total proceeds of $20,034. The weighted average share price on the date the options were exercised during the period was $0.64. In connection with these option exercises, the related fair value amount of $14,069 was transferred from equity reserves to share capital.

During the year ended March 31, 2018, 100,000 options with a strike price of $0.20, and 75,000 options with a strike price of $0.16 were exercised for total proceeds of $32,000. The weighted average share price on the date the options were exercised during the period was $0.54. In connection with these option exercises, the related fair value amount of $23,890 was transferred from equity reserves to share capital.

Forfeiture of Options

No options were forfeited during the six months ended September 30, 2018.

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12. EQUITY (continued)

During the year ended March 31, 2018, 10,000 options with a strike price of $0.11, and 16,667 options with a strike price of $0.44 were forfeited. As a result of the forfeitures, previously recognized share-based compensation relating to the unvested options of $2,692 was reversed, resulting in a net expense for the year of $1,528,798.

Expiry of Options

No options expired during the six months ended September 30, 2018, or the year ended March 31, 2018.

13. RELATED PARTY TRANSACTIONS

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company under an Amended Technical and Administrative Services Agreement (the "Oxygen Agreement") at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at September 30, 2018, Oxygen holds a refundable deposit of $305,280 on behalf of the Company (March 31, 2018 - $305,280). During the six months ended September 30, 2018, a total of $859,945 (September 30, 2017 - $803,369) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at September 30, 2018, the Company has a payable amount to Oxygen of $121,048 (March 31, 2018 - $117,191). This amount was paid subsequent to September 30, 2018.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer, and the Corporate Secretary. The total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2017
Salaries and other short-term employee benefits	$ 452,500	$ 447,500
Directors fees	205,000	130,000
Share-based compensation	363,146	294,476
Total	**$ 1,020,646**	**$ 871,976**

14. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment which is the mining business in Canada. All of the Company's exploration and evaluation assets are located in Canada. Any investment revenues were earned principally from Canadian sources.

15. COMMITMENTS & CONTINGENCIES

a. The Company's operating lease with respect to its head office premises is paid by Oxygen pursuant to the Oxygen Agreement. The Oxygen Agreement was amended on October 1, 2017, and may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed operating lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under

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15. COMMITMENTS & CONTINGENCIES (continued)

the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen. The amount pertaining to the non-cancellable head office lease is included in the table below.

b. The Company has committed to a finance lease with a third party for industrial fans used underground at the Madsen Gold Project. The lease commenced on May 30, 2018 with a term of 12 months, at which time the Company has the option to purchase the equipment. The lease has an implicit interest rate of 1.7%.

The future minimum lease payments required under these agreements are indicated in the table below:

	Head Office Lease	Equipment Finance Lease
2018	$ 71,123	$ 3,390
2019	284,491	4,520
2020	286,846	-
2021	293,910	-
2022+	514,342	-
Total	**$ 1,450,712**	**$ 7,910**

c. The Company had incurred the full qualifying resource expenditures relating to the Super FT Shares of $6,300,250, and the full qualifying resource expenditures relating to the FT Shares of $5,159,120, pursuant to the November 1, 2017 private placement (Note 12b) by June 30, 2018. The Company filed its renunciation forms in February 2018, and therefore reversed the remaining portion of the Super FT Share and FT Share flow-through liabilities and recognized a deferred tax recovery of $402,506 in the Company's consolidated statement of loss and comprehensive loss for the six months ended September 30, 2018. The Company recognized a deferred tax recovery of $1,508,723 in the Company's consolidated statement of loss and comprehensive loss for the year ended March 31, 2018.

d. As at September 30 2018, the Company is committed to incur, on a best efforts basis, qualifying resource expenditures pursuant to the May 24, 2018 private placement (Note 12b). As at September 30, 2018, the Company had incurred qualifying resource expenditures relating to the FT Shares of $2,501,730.

The Company must therefore incur the balance of $498,270 qualifying resource expenditures in relation to the FT Shares before January 1, 2020. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

e. In May 2018, the Company's subsidiary, Laurentian Copper Corp., received a revised notice of assessment from Revenu Quebec for fiscal 2013, regarding a reduction in the tax credit relating to resources claimed following a tax audit of its fiscal 2013-2015 income tax returns. The Company accrued for the amount due relating to the fiscal 2013 notice of assessment at March 31, 2018, and has now paid the amount due.

At March 31, 2018 the Company recorded a provision of $195,085, equal to the full value of the tax credit relating to resources claimed in fiscal 2014-2015. In July 2018, the Company received revised fiscal 2014-2015 assessments from Revenu Quebec and therefore removed the provision and has paid the full amount due relating to the fiscal 2014-2015 notices of assessment.

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16. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities		Six Months Ended September 30, 2018		Six Months Ended September 30, 2017
Fair value of Warrants issued with Common Shares	$	1,272,613	$	-
Change in estimate of provision for closure and reclamation	$	(115,415)	$	(77,810)

17. FINANCIAL INSTRUMENTS

a. Financial Assets and Liabilities

At September 30, 2018, the carrying amounts of cash, short-term investments, amounts receivable, interest receivable, deposits, reclamation deposits, accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

b. Fair Value

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial assets and liabilities measured and recognized at fair value on a non-recurring basis, nor any non-financial assets and liabilities measured at fair value on a recurring basis. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between levels in the fair value hierarchy during the six months ended September 30, 2018.

18. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial instrument related risks. The Board provides oversight for the Company's risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

<u>Credit Risk</u>

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. Financial instruments that potentially subject the Company to credit risk consist of cash, restricted cash, short-term investments and amounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

18. FINANCIAL RISK MANAGMENT (continued)

The Company deposits its cash, restricted cash and short-term investments with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At September 30, 2018, the Company had cash of $11,404,506 (March 31, 2018 - $7,420,078) and short-term investments of $23,000 (March 31, 2018 - $23,000) to settle current liabilities of $2,616,575 ($2,256,575 excluding the flow-through premium liability of $360,000) (March 31, 2018 - $3,317,770). As at September 30, 2018, the Company is committed to incur, on a best efforts basis, $498,270 in qualifying resource expenditures.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. Cash and short-term investments include deposits which are at variable interest rates. For the six months ended September 30, 2018, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash, restricted cash and short-term investments by approximately $40,000.