MARGAUX RESOURCES LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

EXPRESSED IN CANADIAN DOLLARS

(AUDITED)

Independent Auditors' Report

To the Shareholders of Margaux Resources Ltd.

We have audited the accompanying financial statements of Margaux Resources Ltd., which comprise the statements of financial position as at September 30, 2017 and September 30, 2016, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Margaux Resources Ltd. as at September 30, 2017 and September 30, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty, which may cast significant doubt about Margaux Resources Ltd.'s ability to continue as a going concern.

MNP LLP

Calgary, Alberta
January 29, 2018

Chartered Professional Accountants

MARGAUX RESOURCES LTD.
Statements of Financial Position

As at	**September 30, 2017 $**	September 30, 2016 $
ASSETS		
CURRENT		
Cash	**1,024,387**	710,271
Other receivables	**24,536**	26,147
Prepaids	**50,735**	12,334
Deposits	**58,250**	27,000
TOTAL CURRENT ASSETS	**1,157,908**	775,752
NON-CURRENT		
PROPERTY AND EQUIPMENT (Note 5)	**166,415**	41,948
EXPLORATION AND EVALUATION ASSETS (Note 6)	**4,926,031**	2,004,835
LONG-TERM PREPAIDS (Note 6)	**200,000**	100,000
TOTAL NON-CURRENT ASSETS	**5,292,446**	2,146,783
TOTAL ASSETS	**6,450,354**	2,922,535
LIABILITIES		
CURRENT		
Trade and other payables	**305,718**	295,230
Flow-through share premium liability (Note 8)	**-**	15,426
Note payable (Note 7)	**-**	44,300
TOTAL CURRENT LIABILITIES	**305,718**	354,956
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	**13,135,722**	7,291,304
CONTRIBUTED SURPLUS (Note 8)	**4,993,467**	4,464,557
DEFICIT	**(11,984,553)**	(9,188,282)
TOTAL SHAREHOLDERS' EQUITY	**6,144,636**	2,567,579
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,450,354**	2,922,535

GOING CONCERN (Note 2)

COMMITMENTS (Note 12)

SUBSEQUENT EVENTS (Note 15)

Approved by the Board of Directors:

"H. Tyler Rice" — H. Tyler Rice, Director

"James Letwin" — James Letwin, Director

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

MARGAUX RESOURCES LTD.

Statements of Net Loss and Comprehensive Loss

For the years ended September 30,	2017 $	2016 $
Expenses		
Operating	**156,771**	74,316
General and administrative	**2,148,560**	497,257
Share-based payments (Note 8)	**516,863**	57,179
Depreciation and depletion (Note 5)	**24,638**	8,527
Foreign exchange loss	**14,788**	-
Total expenses	**2,861,620**	637,279
Interest income	**(403)**	-
Forgiveness of debt (Note 13)	**-**	(80,000)
Flow-through share premium (Note 8)	**(64,946)**	(7,774)
Net loss and comprehensive loss	**2,796,271**	549,505
Weighted average number of shares	**42,952,356**	23,740,544
Basic and diluted loss per share	**0.07**	0.02

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

MARGAUX RESOURCES LTD.
Statements Changes in Shareholders' Equity

	Note	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance as at, September 30, 2015		5,648,978	4,407,378	(8,638,777)	1,417,579
Net loss and comprehensive loss		-	-	(549,505)	(549,505)
Common shares issued, net costs	8	1,000,967	-	-	1,000,967
Warrants	8	638,613	-	-	638,613
Equity component of note payable	7,8	2,746	-	-	2,746
Share-based payments	7,8	-	57,179	-	57,179
Balance as at, September 30, 2016		7,291,304	4,464,557	(9,188,282)	2,567,579
Net loss and comprehensive loss		-	-	(2,796,271)	(2,796,271)
Common shares issued, net costs	8	3,374,733	(32,556)	-	3,342,177
Warrants	8	2,372,431	-	-	2,372,431
Equity component of note payable	7,8	(2,746)	3,971	-	1,225
Share-based payments	8	-	516,863	-	516,863
Capitalized share-based payments	8	-	40,632	-	40,632
Conversion of note payable	7	100,000	-	-	100,000
Balance as at, September 30, 2017		13,135,722	4,993,467	(11,984,553)	6,144,636

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

MARGAUX RESOURCES LTD.
Statements of Cash Flows

For the years ended September 30,	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss	**(2,796,271)**	(549,505)
Items not affecting cash:		
Share-based payments (Note 8)	**516,863**	57,179
Depreciation and depletion (Note 5)	**24,638**	8,527
Accretion on note payable (Note 7)	**2,964**	1,000
Interest on note payable (Note 7)	**2,879**	1,046
Shares issued for services (Note 8)	**36,000**	-
Foreign exchange loss	**14,789**	-
Change in non-cash working capital:		
Other receivables	**1,611**	(1,392)
Prepaids	**(138,401)**	(109,571)
Deposits	**(31,250)**	(7,000)
Trade and other payables	**10,488**	31,366
Net cash used in operating activities	**(2,355,690)**	(568,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and warrant issuance, net of costs (Note 8)	**5,656,682**	1,628,059
Proceeds from note payable (Note 7)	**51,083**	45,000
Flow-through share premium (Note 8)	**(64,946)**	(7,774)
Proceeds from exercised options	**25,000**	-
Repayment of loans	**-**	(50,000)
Net cash generated from financing activities	**5,667,819**	1,615,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment (Note 5)	**(149,105)**	(37,460)
Purchase of exploration and evaluation (Note 6)	**(2,834,120)**	(302,361)
Net cash used in investing activities	**(2,983,225)**	(339,821)
Effect of foreign exchange on cash	**(14,788)**	-
INCREASE IN CASH FOR THE YEAR	**314,116**	707,114
CASH – BEGINNING OF YEAR	**710,271**	3,157
CASH – END OF YEAR	**1,024,387**	710,271

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. (the "Corporation" or "Margaux") was incorporated under the Alberta Business Corporations Act on August 5, 2009 and was a Capital Pool Company under Policy 2.4 of the TSX Venture Exchange (the "TSX-V"). In January 2011, the Corporation completed an initial public offering ("IPO") and currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols "MRL" and "MARFF" respectively. The registered address of the Corporation is 1600, 510 – 5th Street SW, Calgary, Alberta, T2P 3S2.

The Corporation is a polymetallic exploration company and regional consolidator focused on the exploration and development of previously producing properties in the Kootenay Arc, located in southern British Columbia, including the Jackpot/Oxide, Jersey-Emerald, Sheep Creek and Bayonne properties, on which Margaux has options.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation is in the process of acquiring and exploring mineral properties in British Columbia. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon:

- the existence of economically recoverable reserves;
- the ability of the Corporation to obtain financing in order to secure and maintain title and beneficial interest in its properties;
- the ability to complete the development of the properties; and,
- the ability to achieve future profitable production from the properties or obtain proceeds from the sale of properties.

Certain conditions exist that may cast significant doubt on the validity of this assumption. The Corporation incurred a net loss of $2,796,271 for the year ended September 30, 2017 and had negative cash flows from operating activities of $2,355,690. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these financial statements. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt.

3. BASIS OF PREPARATION

(a) **Statement of compliance:** These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

These financial statements for year ended September 30, 2017 were authorized for issue in accordance with the resolution of the Board of Directors on January 29, 2018.

(b) **Basis of measurement:** These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared on an accrual basis of accounting, except for cash flow information.

(c) **Functional and presentation currency:** These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. BASIS OF PREPARATION (continued)

(d) **Jointly controlled operations:** The Corporation enters into joint arrangements with one or more parties whereby economic activity and decision-making are shared. These arrangements may take the form of joint operations or joint ventures. When making this assessment, management considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Corporation accounts for its interest in joint operations by recognizing its share of assets, liabilities, revenues and expenses of the joint operation.

(e) **Use of estimates and judgements:** The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the statement of financial position and the reported amounts of revenues and expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Adjustments are recorded in the current year as they become known.

Estimates
The factors affecting share-based payments include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Corporation's control and will depend, among other things, upon a variety of factors including the market value of Corporation shares, whether a non-trading restriction has been imposed by the Corporation, and financial objectives of the holders of the options. The Corporation has used historical data to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the share-based payments expense and hence, results of operations, there is no impact on the Corporation's financial condition or liquidity.

The discount rate applied to shares with a trading restriction is calculated using the Black-Scholes option pricing model and is based on significant estimates such as risk-free rate and volatility. The amount of the discount is determined considering such factors as the restriction period on the shares issued and the liquidity of the Corporation's shares in the market place.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Corporation operates are subject to change. As such, income taxes are subject to measurement uncertainty.

The estimated market rate used to fair value the note payable without a conversion option is subject to estimation.

Judgments
The Corporation is required to make significant judgements on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

For the purpose of assessing impairment of exploration and evaluation expenditures and equipment, assets are grouped at the lowest level of separately identified cash flows which make up the cash generating unit ("CGU"). Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use. The Corporation has determined that it has one CGU.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) **Cash**: Cash is comprised of cash on hand and cash held with banks.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) **Financial instruments:** Financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Derivative financial instruments are recognized at fair value.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables
Loans and receivables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include cash, other receivables and deposits.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include trade and other payables.

(c) **Exploration and evaluation expenditures**

Mineral rights, property and acquisition costs

Mineral property acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Corporation acquires legal rights to explore a mineral property, until technical and economical feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. All other costs, including administrative overhead are expensed as incurred. Exploration and evaluation assets are not depreciated or depleted. If the properties enter the production phase, they will be reclassified from exploration and evaluation assets and depletion will commence using the units of production basis based upon proven reserves. If the properties are sold or abandoned, these expenditures will be written off.

Mineral interests are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. The Corporation has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties are in good standing.

(d) **Property and equipment:** Property and equipment include petroleum and natural gas assets and computer equipment.

Computer equipment
Computer equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 45% per year.

(e) **Leased assets:** Operating leases are not recognized on the Corporation's statement of financial position. Payments made under operating leases are recognized in the statement of net loss and comprehensive loss as the costs are incurred.

(f) **Impairment of long-lived assets:** The Corporation assesses at each reporting date whether there are indications of impairment of the CGU it has identified. If indications of impairment exist, the Corporation estimates the asset's recoverable amount, which is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use.

Fair value less costs of disposal represents the value for which an asset could be sold in an arms length transaction, and is presented as a function of the future cash flows of the proved and probable reserves. Value in use is estimated as the discounted present value of the future cash flows expected to arise from the continued use of the asset or CGU. Where the

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the impairment loss is charged to the statement of net loss and comprehensive loss.

For impairment losses recognized in prior years, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment loss reversals are limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversals are recognized as an impairment recovery in the statement of net loss and comprehensive loss.

(g) **Long-term prepaids:** Advance royalty payments to be applied against future production are recorded as long term prepaids. Prepaid royalties are not expected to be applied within the next twelve months.

(h) **Finance income:** Interest income is recognized as it accrues in the statement of net loss and comprehensive loss, using the effective interest rate method.

(i**) Taxes:** Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) **Loss per share:** Basic loss per share is calculated by dividing the profit or loss attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effect of issued instruments such as options and warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year. These instruments are not included in the per share calculation if the effect of their inclusion is antidilutive.

(k) **Flow-through shares:** Expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the transfer of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the liability recognized on issuance.

(l) **Share-based payment transactions:** The Corporation operates an equity-settled compensation plan under which it receives services from employees, directors, officers, and contractors as consideration for equity instruments of the Corporation.

The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

When recognizing the fair value of each tranche over its respective vesting period, the Corporation incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Upon the exercise of options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(m) **Share capital:** The Corporation records proceeds from share issuances net of share issue costs. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to their relative fair value. The fair value of the warrant is determined using the Black-Scholes option pricing model, while the fair value of the share is based on the market value at the time of issuance. The relative value of the share component is credited to share capital and the relative value of the warrant component is credited to warrants reserve. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized in warrant reserve is recorded as an increase to share capital.

(n) **Compound Financial Instruments**: Compound financial instruments issued by the Corporation are comprised of borrowing that have both a liability and equity component. The liability component of the compound financial instrument is recognized initially at fair value. The equity component is recognized as the difference between the proceeds received from the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. The Corporation valued the conversion feature of the note payable using the residual method (the "Residual Method"). Using this method, the fair value of the debt component was calculated using an estimated market rate for similar debt without a conversion feature.

(o) **New standards not yet adopted** - The IASB has issued a number of new standards to come into effect in future periods. The Corporation is currently assessing the impact of the new standards on its financial statements, but at this time does not anticipate that the adoption of the standards will have a significant impact on the Corporation's financial statements.

The new IFRS pronouncements which have been issued but are not yet effective and may have an impact on the Corporation in the future are as follows:

IASB issued IFRS 9, "Financial Instruments" replaces IAS 39, "Financial Instruments: Recognition and Measurement". The standard revises and limits the classification and measurement models available for financial assets and liabilities to amortized cost or fair value. Previously multiple models were available. The new standard is effective for annual periods beginning on or after January 1, 2018. The Corporation has reviewed the effects of the new standard and management believes there will be no immediate impact on the Corporation.

IFRS 16, "Leases". In January 2016, the IASB issued IFRS 16, Leases. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019.

5. PROPERTY AND EQUIPMENT

	Petroleum and natural gas assets $	Equipment $	Total $
Cost			
Balance as at September 30, 2015	**272,399**	**32,149**	**304,548**
Additions	-	37,460	37,460
Balance as at September 30, 2016	**272,399**	**69,609**	**342,008**
Additions	-	149,105	149,105
Balance as at September 30, 2017	**272,399**	**218,714**	**491,113**
Accumulated depletion and depreciation and impairment			
Balance as at September 30, 2015	**272,399**	**19,134**	**291,533**
Charge for the year	-	8,527	8,527
Balance as at September 30, 2016	**272,399**	**27,661**	**300,060**
Charge for the year	-	24,638	24,638
Balance as at September 30, 2017	**272,399**	**52,299**	**324,698**
Net book value			
September 30, 2016	-	41,948	41,948
September 30, 2017	**-**	**166,415**	**166,415**

6. EXPLORATION AND EVALUATION ASSETS

	$
Balance as at October 1, 2015	1,702,474
Additions – Jersey Emerald	302,361
Balance as at September 30, 2016	**2,004,835**
Additions – Jersey Emerald	2,784,023
Additions – Jackpot	100,627
Additions – Bayonne	36,546
Balance as at September 30, 2017	**4,926,031**

Exploration and Evaluation ("E&E") assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability.

Management assessed the E&E assets at September 30, 2017 and determined that no indicators of impairment existed.

During the year ended September 30, 2017, the Corporation primarily focused its activities to mining on its Jersey-Emerald Property, the Jackpot/Oxide Property and the Bayonne Sheep Creek Property located in Salmo, British Columbia. The Corporation also entered into option agreements to acquire 100% of the Ore Hill property and entered into a purchase and sale agreement to acquire 100% of the Aspenex property.

Jersey Emerald Property

Under the terms of the Jersey Emerald Option Agreement dated November 8, 2013, as amended agreements dated January 22, 2014, October 26, 2015, December 31, 2015, February 11, 2016 and March 30, 2016, the Corporation will have the exclusive option to acquire a 100% working interest in the Jersey Emerald Property (subject to the net smelter returns ("NSR") discussed below) as follows:

1) by making payments to Apex Resources Inc. ("Apex") in aggregate of $4 million, paid in several installments as follows:
   1) initial deposits of $200,000 (paid);

6. EXPLORATION AND EVALUATION ASSETS (continued)

2) release of a cash payment of $300,000, previously held in trust pending receipt of TSX-V approval for the transaction (paid);
3) on or before November 8, 2015, a cash payment of $400,000 (paid);
4) payments of $15,000 per month commencing April 1, 2016 for a period of 12 months for total payment of $180,000 (paid);
5) payments of $50,000 per month commencing April 1, 2017 for a period of 12 months for a total payment of $600,000 ($300,000 paid); and,
6) payments of $100,000 per month commencing April 1, 2018 until a total of $4 million has been paid to Apex under the option agreement.

2) incurring not less than $2,000,000 in expenditures on the Jersey Emerald Property on or before the third anniversary of the Jersey Emerald Option Agreement Date. The Corporation has incurred the required property expenditures during the period.

Apex retains a 1.5% NSR on the Jersey Emerald Property. For a period of 60 days following the earlier of: (a) the commencement of commercial production on the Jersey Emerald Property or; (b), the completion of a feasibility study on the Jersey Emerald Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of $5.0 million.

The Jersey Emerald Property is also subject to several additional NSRs, ranging from 1%-3% on various areas of the Jersey Emerald Property and these additional NSRs require advance royalty payments totalling $50,000 per year. As at September 30, 2017, $200,000 (2016 - $100,000) had been paid towards the advance royalty payments and are recorded in long-term prepaids on the statement of financial position.

Apex may elect to receive up to one-half of any option payment in the form of common shares of the Corporation. The number of shares to be issued in partial payment shall be calculated by reference to the trading price of the Corporation's shares at the election date.

The Corporation incurred $2,784,023 of E&E on the Jersey Emerald Property during the year ended September 30, 2017 (2016 - $302,361) relating to exploration activity.

<u>Jackpot/Oxide Property</u>

On October 24, 2016, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Jackpot/Oxide Property, located in Salmo, British Columbia (the "Jackpot Option Agreement").

Under the terms of the Jackpot Option Agreement, Margaux will have the exclusive option to acquire the Jackpot/Oxide Property, by making payments to the third party of an aggregate $340,000 cash and aggregate issuance of 500,000 shares, paid in several installments as follows:

1) within ten business days of execution of the Jackpot Option Agreement, a cash payment of $5,000 (paid);
2) upon receipt of TSX-V approval, a cash payment of $5,000 and issuance of 50,000 shares (paid and issued);
3) on or before the first anniversary of the execution of the Jackpot Option Agreement, a cash payment of $30,000 and the issuance of 150,000 shares;
4) on or before the second anniversary of the execution of the Jackpot Option Agreement, a cash payment of $60,000 and issuance of 150,000 shares;
5) on or before the third anniversary of the execution of the Jackpot Option Agreement, a cash payment of $90,000 and issuance of 150,000 shares; and,
6) on or before the fourth, fifth and sixth anniversary of the execution of the Jackpot Option Agreement, a cash payment of $50,000.

The third party will retain a 1.5% NSR on the property. The Corporation may at any time purchase up to 50% of the NSR from the third party by payment of $1,000,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended September 30, 2017, the Corporation paid $10,000 cash in option payments and issued 50,000 shares.

The shares were valued at $15,000 less a discount of $7,113 which has been applied due a resale restriction on the shares (note 8).

The Corporation incurred $100,627 of E&E costs on the property during the year ended September 30, 2017 (2016 - $nil) relating to exploration activity.

Bayonne & Sheep Creek Properties

On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (the "Bayonne and Sheep Creek Option Agreement").

Under the terms of the Bayonne and Sheep Creek Option Agreement, the Corporation will have the exclusive option to acquire the Bayonne Property, by making payments to Yellowstone Resources Ltd. of an aggregate $194,000 cash and aggregate issuance of 550,000 shares, paid in several installments as follows:

1) within ten business days of execution of the Bayonne and Sheep Creek Option Agreement, a cash payment of $5,000 (paid);
2) within ten business days of completion of title due diligence on the Properties, a cash payment of $9,000 (paid);
3) upon receipt of TSX-V Exchange approval, a cash payment of $10,000 and issuance of 50,000 shares (paid and issued);
4) on or before the first anniversary of the TSX-V approval, a cash payment of $30,000 and the issuance of 150,000 shares;
5) on or before the second anniversary of the TSX-V approval, a cash payment of $60,000 and issuance of 150,000 shares; and,
6) on or before the third anniversary of the TSX-V approval, a cash payment of $80,000 and issuance of 200,000 shares.

The Corporation will have the exclusive option to acquire the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate $500,000 cash and aggregate issuance of 1,050,000 shares, paid in several installments as follows:

1) upon receipt of TSX-V approval, a cash payment of $25,000 (paid);
2) on or before the six month, following TSX-V approval, a cash payment of $25,000 (paid);
3) on or before the first anniversary of the TSX-V approval, a cash payment of $25,000;
4) on or before eighteen months following, TSX-V approval, a cash payment of $25,000;
5) on or before the second anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 shares;
6) on or before the third anniversary of TSX-V approval, a cash payment of $100,000;
7) on or before the fourth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 shares; and,
8) on or before the fifth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 450,000 shares.

During the year ended September 30, 2017, the Corporation paid $24,000 cash in option payments and issued 50,000 related to the Bayonne Property and paid $50,000 cash in option payments related to the Sheep Creek property.

The shares were valued at $20,000 less a discount of $9,403 which has been applied due to a resale restriction on the shares (note 8).

The Corporation incurred $36,546 of E&E costs on the Bayonne Property during the year ended September 30, 2017 (2016 - $nil) relating to exploration activity.

6. EXPLORATION AND EVALUATION ASSETS (continued)

CANEX Agreement

On January 19, 2017, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the CANEX property, located in Salmo, British Columbia (the "CANEX Option Agreement").

Under the terms of the CANEX Option Agreement, the Corporation have the exclusive option to acquire the mineral claim by making payments to the third party of an aggregate $110,000 cash and aggregate issuance of 275,000 shares.

During the year ended September 30, 2017, the corporation paid $20,000 cash in option payments and issued 25,000 shares.

The shares were valued at $8,000 less a discount of $3,628 which has been applied due to a resale restriction on the shares (note 8).

The Corporation had not completed any exploration work the CANEX Property as at the year ended September 30, 2017.

Ore Hill Property

On February 27, 2017, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Ore Hill property, located in Salmo, British Columbia (the "Ore Hill Option Agreement").

Under the terms of the Ore Hill Option Agreement, the Corporation will have the exclusive option to acquire the Ore Hill Property by making payments to the third party of an aggregate of $80,000 cash and aggregate issuance of 200,000 shares, paid in several installments as follows:

1) within ten business days of execution of the Ore Hill Option Agreement, a cash payment of $10,000 (paid);
2) upon receipt of TSX-V approval, issuance of 50,000 shares (issued);
3) on or before the first anniversary of the TSX-V approval, a cash payment of $15,000 and the issuance of 50,000 shares;
4) on or before the second anniversary of the TSX-V approval, a cash payment of $15,000 and issuance of 50,000 shares;
5) on or before the third anniversary of the TSX-V approval, a cash payment of $20,000 and issuance of 50,000 shares; and,
6) on or before the fourth anniversary of the TSX-V approval, a cash payment of $20,000.

The third party will retain a 2% NSR on the property. The Corporation may at any time purchase the 2% NSR from the third party by payment of $250,000.

During the year ended September 30, 2017, the Corporation paid $10,000 cash in option payments and issued 50,000 shares.

The shares were valued at $18,000 less a discount of $7,356 which has been applied due to a resale restriction on the shares (note 8).

Aspenex Property

On February 27, 2017, the Corporation entered into a purchase agreement with a third party for the acquisition of 100% of the Aspenex property, located in Salmo, British Columbia (the "Aspenex Purchase Agreement").

Under the terms of the Aspenex Purchase Agreement, the Corporation purchased the Aspenex Property from the third party outright, for a purchase price of $5,000 cash and the issuance of 50,000 shares.

The shares were valued at $18,000 less a discount of $5,056 which has been applied due to a resale restriction on the shares (note 8).

The Corporation had not completed any exploration work on the Ore Hill Property or the Aspenex Property during the year ended September 30, 2017.

7. NOTE PAYABLE

On March 30, 2016, the Corporation issued an unsecured promissory note to an arm's length third party. Pursuant to the note, the Corporation was able to borrow up to $180,000 to use for the payments of the Jersey Emerald Option Agreement between April 1, 2016 and March 31, 2017 (Note 6). The note had interest at a rate of 7.5% per annum and was payable in cash on or before March 31, 2017. During the year ended September 30, 2017, the Corporation borrowed $51,083 (2016 - $45,000) and accrued $2,879 of interest (2016 - $1,039) for a total of $100,000. On the repayment date, the holder of the note payable elected to receive 400,000 shares in settlement of $100,000 in accordance with the terms in the promissory note.

Prior to conversion, the Corporation valued the conversion feature of the promissory note using the residual method. Using this method, the fair value of the debt component was calculated using an estimated market rate of 15.70% for similar debt without a conversion feature. Accretion of $2,964 (2016 – $1,000) had been recorded and interest of $2,879 (2016 - $1,046) had been recorded for the year ended September 30, 2017.

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS

Authorized
Unlimited number of common shares

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

	September 30, 2017		September 30, 2016	
Issued	**Common Shares**	**Amount**	Common Shares	Amount
Opening balance	**29,093,938**	**$6,541,166**	21,021,255	$5,540,199
Shares issued, net (a)(b)(c)(d)(e)	**-**	**-**	8,072,683	1,000,967
Shares issued, net (f)(g)(h)(i)(j)(k)(l)(m)(n)(o)(p)(q)	**20,749,180**	**3,474,733**	-	-
Closing Balance	**49,843,118**	**$10,015,899**	29,093,938	$6,541,166
Warrants				
Opening balance	**4,775,000**	**747,392**	730,000	108,779
Warrant Issuance (r)(s)(t)	**10,449,829**	**2,372,431**	4,045,000	638,613
Closing balance	**15,224,829**	**3,119,823**	4,775,000	747,392
Note payable – equity component (Note 7)	**-**	**(2,764)**	-	2,746
Total Share Capital		**$13,135,722**		$7,291,304

(a) On November 9, 2015, the Corporation closed a non-brokered private placement of 750,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $150,000. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from November 6, 2015.

(b) On December 2, 2015, the Corporation closed on a non-brokered private placement of 500,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $100,000. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from December 2, 2015.

(c) On April 13, 2016, the Corporation issued 173,592 common shares of the Corporation at a deemed price of $0.20 per common share in exchange for the extinguishment of debt with the Corporation's service providers. An aggregate amount owing to the service providers in the amount of $34,718 was fully extinguished.

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

(d) On July 4, 2016, the Corporation closed on a non-brokered private placement of 2,005,000 units of the Corporation at a purchase price of $0.20 per unit, 2,320,000 common shares issued on a "CEE flow-through" basis at a purchase price of $0.25 per unit, and 909,091 common shares issued on a CDE flow-through basis at a purchase price of $0.22 per unit for total proceeds of $1,181,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from July 4, 2016.

(e) On August 4, 2016, the Corporation closed on a non-brokered private placement of 1,415,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $283,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from August 4, 2016.

(f) On October 21, 2016, the Corporation closed on a non-brokered private placement of 3,976,000 units of the Corporation at a purchase price of $0.25 per unit and 548,387 common shares issued on a "CEE flow-through" basis at a purchase price of $0.31 per unit for total proceeds of $1,164,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from October 21, 2016.

(g) On November 24, 2016, the Corporation closed on a non-brokered private placement of 2,128,000 units of the Corporation at a purchase price of $0.25 per unit and 1,122,582 common shares issued on a "CEE flow-through" basis at a purchase price of $0.31 per unit for total proceeds of $880,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from November 24, 2016.

(h) On January 6, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 common shares valued at a market price of $0.30 per common share as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The shares carry a resale restriction that expired on October 6, 2017.

(i) On February 16, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 common shares valued at a market price of $0.40 per common share as per the Bayonne and Sheep Creek Properties option agreement signed on December 23, 2016. The shares carry a resale restriction that expired on November 16, 2017.

(j) On March 9, 2017, the Corporation closed on a non-brokered private placement of 4,876,661 units of the Corporation at a purchase price of $0.30 per unit and 1,237,998 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per unit for total proceeds of $1,908,678. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 9, 2017.

(k) On March 10, 2017, upon receipt of the TSX-V approval, the Corporation issued 25,000 common shares valued at a market price of $0.32 per common share as per the Jersey-Emerald Tungsten tailings pond option agreement signed on January 19, 2017. The shares carry a resale restriction that expired on December 10, 2017.

(l) On March 14, 2017, options that were issued in August 5, 2016 were exercised at $0.25 per share in exchange for 50,000 common shares for gross proceeds of $12,500.

(m) On March 31, 2017, the Corporation closed on a non-brokered private placement of 3,814,996 units of the Corporation at a purchase price of $0.30 per unit and 2,169,556 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per unit for total proceeds of $1,925,541. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 31, 2017.

(n) On April 3, 2017, upon receipt of the TSX-V approval, the Corporation issued 100,000 common shares valued at a market price of $0.36 per common share as per the Ore Hill option agreement and the Aspenex purchase agreement. The shares carry a resale restriction that expired on January 3, 2018.

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

(o) On April 4, 2017, upon receipt of the TSX-V approval, the Corporation issued 400,000 common shares in settlement of a $100,000 promissory note amount owing to a third party (note 7).

(p) On May 16, 2017, options that were issued November 1, 2016 were exercised at $0.25 in exchange for 50,000 common shares for gross proceeds of $12,500.

(q) On September 13, 2017, upon receipt of the TSX-V approval, the Corporation issued 150,000 common shares at a market price of $0.24 per common share as per the Service Partnership Agreement between the Corporation and a third party. The value of the shares was recorded as a consulting expense on the statement of net loss and comprehensive loss.

(r) As part of the units issued on November 9, 2015 and December 2, 2015 (note 11(c)(d)); subscribers received one half of one warrant per unit purchased. As part of the non-flow-through units issued on July 4, 2016 and units issued August 4, 2016 (note 11(f)(g)); subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.30 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $700,985 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.54%-0.63%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	129%-149%
Weighted-average fair value	$0.16
Expected Life	2 years

(s) As part of the non-flow through units issued on October 21, 2016 and November 24, 2016 (note 11(f)(g)); subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.30 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $1,313,906 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	140% - 144%
Weighted-average fair value	$0.21 - $0.22
Expected Life	2 years

(t) As part of the non-flow through units issued on March 9, 2017 and March 31, 2017 (note 9(j)(m)); subscribers received one-half warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.40 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $901,577 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	141% - 142%
Weighted-average fair value	$0.21
Expected Life	2 years

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

Flow-through shares

During the year ended September 30, 2017, the Corporation raised $1,744,720 on a CEE flow-through share basis and was required to incur a net total of $1,744,720 of qualifying expenditures to renounce the tax deductions to investors. A flow-through share premium liability of $49,520 was recognized. The accumulated flow-through share premium of $64,946 was amortized during the year as the Corporation met its flow-through share commitment by incurring sufficient qualifying expenditures as at September 30, 2017.

During the year ended September 30, 2016, the Corporation raised $580,000 on a CEE flow-through share basis and $200,000 on a CDE flow-through share basis and was required to incur a net total of $780,000 of qualifying expenditures to renounce the tax deductions to investors. As at September 30, 2016, $194,361 of qualifying expenditures were incurred and an additional $585,639 was incurred in the year ended September 30, 2017. The Corporation has met its flow-through shares expenditure commitment. The total flow-through share premium liability of $23,200 on the issuance of the flow-through shares had been amortized in the amount of $7,774 to reflect the proportion of expenditures incurred to September 30, 2016. The amortization was reflected as flow-through share premium in the statement of net loss and comprehensive loss.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted-average Exercise Price	Weighted-average Life (years)
Outstanding as at September 30, 2015	1,075,000	$0.10	1.4
Exercisable as at September 30, 2015	716,668	$0.10	1.4
Forfeited (a)	(175,000)	$0.10	-
Granted (b)	175,000	$0.10	3.7
Granted (c)	450,000	$0.25	3.9
Exercisable as at September 30, 2016	1,108,333	$0.12	3.6
Outstanding at September 30, 2016	1,525,000	$0.12	3.6
Expired (h)(j)	(300,000)	$0.25	-
Exercised (g)(i)	(100,000)	$0.25	-
Granted (d)	475,000	$0.25	4.1
Granted (e)	1,305,000	$0.25	4.2
Granted (f)	175,000	$0.32	4.4
Granted (k)	1,760,000	$0.30	4.9
Exercisable as at September 30, 2017	**2,446,654**	**$0.20**	**3.4**
Outstanding at September 30, 2017	**4,840,000**	**$0.24**	**3.8**

At September 30, 2017, the weighted-average life of the options outstanding was 3.8 years (2016 – 3.6 years).

(a) On October 1, 2015, the Corporation forfeited 175,000 stock options because a director resigned and a consultant's agreement expired.

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

(b) On May 25, 2016, the Corporation issued 175,000 stock options to a Director with the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.20 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.79%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	145%
Weighted-average fair value per option	$0.23
Expected option life	5 years
Forfeiture rate	0%

(c) On August 5, 2016, the Corporation issued 450,000 stock options to directors, officers and consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.245 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.61%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	144%
Weighted-average fair value per option	$0.22
Expected option life	5 years
Forfeiture rate	0%

(d) On November 1, 2016, the Corporation issued 475,000 stock options to the certain employees, consultants, and the Corporation's Vice President of Exploration in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.25 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.70%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	139%
Weighted-average fair value per option	$0.27
Expected option life	5 years
Forfeiture rate	0%

(e) On November 29, 2016, the Corporation issued 1,305,000 stock options to directors, officers, advisory committee members and consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan.

The options are exercisable at $0.25 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

Risk-free rate	0.95%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	138%
Weighted-average fair value per option	$0.29
Expected option life	5 years
Forfeiture rate	0%

(f) On February 6, 2017, the Corporation issued 175,000 stock options to the Corporation's VP Exploration in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.32 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.07%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	136%
Weighted-average fair value per option	$0.26
Expected option life	5 years
Forfeiture rate	0%

(g) On March 14, 2017, 50,000 stock options were exercised at a price of $0.25 per option in exchange for 50,000 common shares of the Corporation for gross proceeds of $12,500. The Corporation's share price at the date of exercise was $0.30 per common share.

(h) On March 31, 2017, 200,000 stock options expired due to the expiry consultants' agreements.

(i) On May 12, 2017, 50,000 stock options were exercised at a price of $0.25 per option in exchange for 50,000 common shares of the Corporation for gross proceeds of $12,500. The Corporation's share price at the date of exercise was $0.32 per common share.

(j) On June 21, 2017, 100,000 stock options expired due to the expiry consultants' agreements.

(k) On August 17, 2017, the Corporation issued 1,760,000 stock options to the Corporation's directors, officers, advisory committee members and consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.30 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.47%
Weighted-average life	5 years
Dividend yield	nil
Annualized volatility	132%
Weighted-average fair value per option	$0.23
Expected option life	5 years
Forfeiture rate	0%

Share-based payments expense of $516,863 for the year ended September 30, 2017 (September 30, 2016 – $57,179) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments, and recorded over the vesting period of the options. Share-based payments of $40,632 (2016 - $nil) were capitalized to E & E related to options issued to the Vice President of Exploration.

8. SHARE CAPITAL, WARRANT RESERVE AND CONTRIBUTED SURPLUS (continued)

Contributed Surplus

Description	**September 30, 2017**	September 30, 2016
Opening balance	**$ 4,464,557**	$ 4,407,378
Share-based payments	**516,863**	57,179
Capitalized share-based payments	**40,632**	-
Discount due to resale restriction (Note 6)	**(32,556)**	-
Equity component of note payable	**3,971**	-
Closing balance	**$ 4,993,467**	$ 4,464,557

9. CAPITAL DISCLOSURES

The Corporation considers its capital to include shareholders' equity and debt. The objectives of the Corporation are to attain a strong financial position from which the Corporation will be able to exhibit continued growth and obtain access to capital. The Corporation has no externally imposed restrictions.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Corporation may from time to time, issue shares, obtain debt financing, and adjust capital spending.

10. FAIR VALUE

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the shares issued pursuant to option agreements (note 6) are measured using level 1 inputs. The value of the discount applied to the shares due to the resale restriction is measured using level 2 inputs. The discount is calculated using the Black-Scholes option pricing model with the following significant inputs:

- Risk-free rate: 0.74% - 0.84%
- Volatility: 125% - 148%

The carrying values of cash, trade receivables, deposits, trade and other payables, loan and note payable approximate their fair values due to their short terms to maturity.

Fair values of financial instruments are determined by reference to quoted bid or asking price, as appropriate, in active market at period-end dates. In the absence of an active market, the Corporation determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values determined using valuation models require the use of assumptions about the amount and timing of estimated future cash flows and discount rates. Fair value estimates are made at a specific point in time, based on the relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. It is possible that the assumptions in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

11. FINANCIAL INSTRUMENTS

The Corporation is exposed to a number of different financial risks from normal course business exposures, as well as from the Corporation's use of financial instruments. These risk factors include market risk, liquidity risk, and credit risk.

(a) **Market risk**
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include commodity price risk, interest rate risk and foreign exchange risk.

(i) Commodity price risk
The Corporation's financial performance is closely linked to natural gas, crude oil and mineral prices. While the Corporation may employ the use of various financial instruments in the future to manage these price exposures, the Corporation is not currently using any such instruments. The Corporation currently has not obtained any hedging instruments to ameliorate the potential effects of price fluctuations.

(ii) Interest rate risk
Interest rate risk is the risk of exposure to changes in market interest rates affecting future cash flows. The Corporation is not exposed to interest rate risk as the note payable bears interest at a fixed rate.

(iii) Foreign exchange risk
Foreign currency risk arises from fluctuations in foreign exchanges rates and the degree of volatility of these rates relative to the Canadian dollar. The Corporation holds some funds in US dollars which is what exposes it to foreign currency risk. The Corporation will use the US funds to pay for any invoices denominated in US dollars to reduce the foreign currency risk.

(b) **Liquidity risk**
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation believes that it has access to sufficient capital through potential external equity sources to meet projected expenditures. All of the Corporation's liabilities consist of trade and other payables and note payables (note 2).

(c) **Credit risk**
Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and trade and other receivables which are with customers and are subject to normal credit risks.

Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions.

The Corporation's maximum exposure for the year ended September 30, 2017 relates to $1,024,388 (2016 – $710,271) of cash and $24,537 (2016 - $26,147) of trade receivables for the year ended September 30, 2017.

12. COMMITMENTS

(a) Rental Payments

The Corporation has leases for office space in Calgary, Alberta which expire in October 2018. For the year ended September 30, 2017, the total minimum rental payments under the office space lease is $36,000.

(b) Vehicle Operating Leases

The Corporation has leases for vehicles which expire in May 2018 and Oct 2019. The following is a schedule, by year, of the future minimum lease payments under the operating lease agreements:

2018 - $22,187
2019 - $10,187
2020 - $849

13. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at September 30, 2017, the Corporation had an amount of $21,206 (2016 - $17,563) due to directors and officers included in trade and other payables.

During the year ended September 30, 2017, the Corporation was provided geological consulting services in the amount of $14,205 (2016 - $51,933) from a Company controlled by a director of the Corporation. The Corporation paid $96,150 (2016 - $nil) to an officer for compensation as Vice President Exploration of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost. The Corporation also incurred professional services in the amount of $70,838 (2016 - $9,863) provided by a Company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses. An aggregate of $240,500 (2016 - $80,325) in consulting fees were paid to a corporation owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of $78,056 (2016 - $85,799) were also reimbursed to a director and officer of the Corporation recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2017 **$**	September 30, 2016 $
Short-term employee salary and benefits	**1,313**	3,056
Share-based payments	**516,863**	63,655
Capitalized share-based payments	**40,632**	-
Total	**558,808**	66,711

On May 31, 2016 the Corporation reached an agreement with the Corporation's President and Chief Executive Officer to eliminate the amounts owing in unpaid salary for the period of February 2015 to May 2016 in the amount of $80,000 for $nil consideration.

14. INCOME TAXES

The actual income tax provision for 2017 and 2016 differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates of 27% (2016 – 27%) to the loss before income taxes as show below.

	September 30,	
	2017	2016
Computed "expected" tax	**(757,515)**	(148,366)
Increase (decrease) resulting from:		
Share-based payments	**141,330**	15,438
Non-deductible expenses	**39,603**	994
Flow-through share renunciation	**352,640**	-
Other	**329**	(36,835)
Share issuance costs	**(102,069)**	-
Change in deferred tax asset not being recognized	**325,682**	168,769
	$ -	$ -

14. INCOME TAXES (continued)

Details of the unrecognized deductible temporary differences are as follows:

	September 30,	
	2017	2016
Deferred tax assets (liabilities):		
Exploration and evaluation assets	**420,156**	1,046,116
Cumulative eligible capital	**37,345**	40,156
Share issue costs	**103,720**	29,895
Non-capital losses	**2,221,454**	1,342,049
Other	**-**	(1,224)
Unrecognized deductible temporary differences	**$ 2,782,675**	$ 2,456,992

At this stage of the Corporation's development, it cannot be reasonably estimated that there will be future taxable profits, accordingly there were no deferred income tax assets recognized.

As at September 30, 2017, the Corporation has Canadian federal and provincial non-capital losses carried forward of $8,227,601 (2016 - $4,970,551). These Canadian losses expire between 2031 and 2037:

2031	$7,723
2032	$504,260
2033	$1,320,335
2034	$727,704
2035	$949,445
2036	$858,210
2037	$1,220,464
2038	$2,639,466

15. SUBSEQUENT EVENTS

On December 1, 2017, the Corporation issued 150,000 common shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016 and as per TSX-V approval received on December 1, 2016.

On December 7, 2017, the Corporation closed the first tranche on its non-brokered private placement by issuing:

- 4,399,999 units of the Corporation at a price of $0.30 per Unit; and,
- 1,134,943 common shares of the Corporation issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) at a price of $0.36 per Flow-Through Share, for aggregate gross proceeds of $1.7 million.

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.40 per warrant share until 4:30 pm (Calgary time) on that date that is 24 months from the issuance closing date, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds $0.50 per share.

On December 22, 2017, the Corporation closed the second tranche of the above non-brokered private placement by issuing:

- 1,377,600 units at a price of $0.30 per Unit; and,
- 3,076,521 common shares of the Corporation issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) at a price of $0.36 per Flow-Through Share, for aggregate gross proceeds of $1.5 million.

15. SUBSEQUENT EVENTS (continued)

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.40 per warrant share until 4:30 pm (Calgary time) on that date that is 24 months from the issuance closing date, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds $0.50 per share.