**Condensed Consolidated Interim Financial Statements of**

# West Kirkland Mining Inc.

## For the Period Ended September 30, 2017

(Expressed in Canadian dollars)

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**Notice of no auditor review of interim financial statements**

Under National Instrument 51-102, "Continuous Disclosure Obligations", 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 Company's external auditors, Deloitte LLP, have not performed a review of these financial statements.

November 17, 2017

# West Kirkland Mining Inc.
## Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

| | | September 30, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current:** | | | | |
| Cash | **$** | **780,103** | $ | 1,021,407 |
| Accounts receivable | | **141,418** | | 20,269 |
| Prepaid expenses and other | | **37,805** | | 34,835 |
| **Total current assets** | | **959,326** | | 1,076,511 |
| Non-current assets: | | | | |
| Reclamation bond (Note 4) | | **256,237** | | 275,587 |
| Property and equipment (Note 5) | | **47,503** | | 63,081 |
| Mineral properties (Note 6) | | **38,328,596** | | 39,651,216 |
| **Total assets** | **$** | **39,591,662** | $ | 41,066,395 |
| **Liabilities and Equity** | | | | |
| **Current:** | | | | |
| Accounts payable and accrued liabilities | **$** | **358,975** | $ | 462,222 |
| **Total current liabilities** | | **358,975** | | 462,222 |
| Non-current liabilities: | | | | |
| Reclamation provision | | **85,892** | | 65,556 |
| **Total liabilities** | **$** | **444,867** | $ | 527,778 |
| **Equity:** | | | | |
| Share capital (Note 7) | **$** | **53,365,978** | $ | 51,805,935 |
| Warrant reserve (Note 7) | | **4,418,817** | | 4,418,817 |
| Share based payment reserve (Note 7) | | **1,073,973** | | 882,870 |
| Foreign currency translation reserve | | **4,506,967** | | 7,340,613 |
| Deficit | | **(24,756,705)** | | (23,909,618) |
| **Total shareholders' equity attributable to the shareholders of West Kirkland Mining Inc.** | **$** | **38,609,030** | $ | 40,538,617 |
| Non-controlling interest | | **537,765** | | - |
| **Total shareholders' equity** | | **39,146,795** | | 40,538,617 |
| **Total liabilities and shareholders' equity** | **$** | **39,591,662** | $ | 41,066,395 |

Going Concern (Note 1)
Commitments and contingencies (Note 12)

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

Approved by the Board of Directors and authorized for issue on November 17, 2017.

*/s/ "R. Michael Jones"* — Director

*/s/ "Kevin Falcon"* — Director

## West Kirkland Mining Inc.
### Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

| | Three Months ended September 30, 2017 | Three Months ended September 30, 2016 | Nine Months ended September 30, 2017 | Nine Months ended September 30, 2016 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Professional Fees | **$ 115,602** | $ 84,533 | **$ 192,336** | $ 176,653 |
| Management and consulting fees | **39,499** | 99,787 | **129,728** | 193,609 |
| Salaries and benefits | **66,632** | 24,264 | **119,150** | 134,518 |
| Shareholder relations | **33,587** | 4,618 | **104,907** | 20,001 |
| Office and general | **19,422** | 28,933 | **67,054** | 100,751 |
| Filing and transfer agent fees | **6,601** | 14,669 | **49,117** | 47,133 |
| Travel | **2,237** | 5,499 | **15,169** | 13,614 |
| Property investigation costs | **1,984** | 21 | **5,952** | 831 |
| Share-based compensation expense | **1,155** | - | **239,434** | 248,072 |
| Depreciation | **-** | 2,303 | **5,952** | 6,667 |
| Loss from operations | **286,719** | 264,627 | **922,848** | 941,919 |
| **Finance and Other Income** | | | | |
| Interest income | **(684)** | (627) | **(2,870)** | (1,530) |
| **Net loss** | **$ 286,035** | **$** 264,000 | **$ 919,978** | $ 940,389 |
| **Item that may be subsequently reclassified to net loss** | | | | |
| Exchange differences on translating foreign operations | **1,532,571** | (585,769) | **2,833,646** | 2,089,859 |
| **Comprehensive loss (income) for the period** | **$ 1,818,606** | **$** (321,769) | **$ 3,753,624** | $ 3,030,248 |
| Loss attributable to: | | | | |
| Shareholders of West Kirkland Mining | **$ 285,950** | 264,000 | **$ 919,853** | 940,389 |
| Non-controlling interest | **85** | - | **125** | - |
| Net Loss | **$ 286,035** | **$** 264,000 | **$ 919,978** | $ 940,389 |
| Basic and diluted loss per share | **$ 0.00** | **$** 0.00 | **$ 0.00** | $ 0.00 |
| **Weighted average number of common shares outstanding:** | | | | |
| Basic and diluted | **329,270,266** | 308,134,169 | **328,955,863** | 308,134,169 |

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

# West Kirkland Mining Inc.
## Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

| | Share Capital | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Number** | **Amount** | **Warrant Reserve** | **Share Based Payment Reserve** | **Foreign Currency Translation Reserve** | **Deficit** | **Attributable to the Shareholders of the Parent Company** | **Non-Controlling Interest** | **Total** |
| Balance at December 31, 2015 | **308,134,169** | $ **50,187,973** | **$ 4,418,817** | **$ 789,089** | **$ 8,522,097** | **$ (22,981,004)** | **$ 40,936,972** | **$ -** | **$ 40,936,972** |
| | | | | | | | | - | |
| Share-based compensation expense | - | - | - | 262,582 | - | - | 262,582 | - | 262,582 |
| Expired stock options | - | - | - | (140,731) | - | 140,731 | - | - | - |
| Other comprehensive income | - | - | - | - | (2,089,859) | - | (2,089,859) | - | (2,089,859) |
| Net loss | - | - | - | - | - | (940,389) | (940,389) | - | (940,389) |
| Balance at September 30, 2016 | **308,134,169** | **$ 50,187,973** | **$ 4,418,817** | **$ 910,940** | **$ 6,432,238** | **$ (23,780,662)** | **$ 38,169,306** | **$ -** | **$ 38,169,306** |
| Share issuance – financing (Note 7) | 16,500,000 | 1,650,000 | - | - | - | - | 1,650,000 | - | 1,650,000 |
| Share issuance – cost | - | (32,038) | - | - | - | - | (32,038) | - | (32,038) |
| Expired stock options | - | - | - | (28,070) | - | 28,070 | - | - | - |
| Other comprehensive loss | - | - | - | - | 908,375 | - | 908,375 | - | 908,375 |
| Net loss | - | - | - | - | - | (157,026) | (157,026) | - | (157,026) |
| Balance at December 31, 2016 | **324,634,169** | **$ 51,805,935** | **$ 4,418,817** | **$ 882,870** | **$ 7,340,613** | **$ (23,909,618)** | **$ 40,538,617** | **$ -** | **$ 40,538,617** |
| Share issuance – financing (Note 7) | 19,300,000 | 1,447,500 | - | - | - | - | 1,447,500 | - | 1,447,500 |
| Share issuance – cost | - | (18,387) | - | - | - | - | (18,387) | - | (18,387) |
| Share issuance (Note 7) | 1,454,778 | 130,930 | - | - | - | - | 130,930 | - | 130,930 |
| Share based compensation expense | - | - | - | 263,869 | - | - | 263,869 | - | 262,714 |
| Expired stock options | - | - | - | (72,766) | - | 72,766 | - | - | - |
| Contributions for project costs | - | - | - | - | - | - | - | 537,890 | 537,890 |
| Other comprehensive income | - | - | - | - | (2,833,646) | - | (2,833,646) | - | (2,833,646) |
| Net loss | - | - | - | - | - | (919,853) | (919,853) | (125) | (919,978) |
| Balance September 30, 2017 | **345,388,947** | **$ 53,365,978** | **$ 4,418,817** | **$ 1,073,973** | **$ 4,506,967** | **(24,756,705)** | **$ 38,609,030** | **$ 537,765** | **$ 39,146,795** |

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

# West Kirkland Mining Inc.
## Consolidated Statements of Cash flows
(Unaudited - expressed in Canadian dollars)

| | Nine months ended September 30, 2017 | Nine months ended September 30, 2016 |
|---|---|---|
| Cash flows provided by (used in): | | |
| **Operating activities** | | |
| Net loss | **$ (919,978)** | $ (940,389) |
| Items not involving cash: | | |
| Share-based compensation expense | **239,434** | 248,072 |
| Depreciation | **5,952** | 6,667 |
| Changes in non-cash working capital: | | |
| Accounts receivable | **7,425** | 28,354 |
| Prepaid expenses and other | **(4,296)** | 8,691 |
| Accounts payable and accrued liabilities | **(86,858)** | 82,882 |
| Net cash used in operating activities | **(758,321)** | (565,723) |
| **Investing activities** | | |
| Expenditures on mineral properties (Note 6) | **$ (1,285,417)** | $ (575,255) |
| Net cash used in investing activities | **(1,285,417)** | (575,255) |
| **Financing Activities** | | |
| Issuance of share capital | **1,447,500** | - |
| Share issuance costs | **(18,387)** | - |
| Cash contributions from non-controlling interest | **$ 408,888** | $ - |
| Net cash received from financing activities | **1,838,001** | - |
| Decrease in cash | **(205,737)** | (1,140,978) |
| Effect of exchange rate changes on cash denominated in a foreign currency | **(35,567)** | (8,808) |
| Cash, beginning of period | **1,021,407** | 1,155,385 |
| **Cash, end of period** | **$ 780,103** | $ 5,599 |

**Supplemental disclosure of cash flow information**
Non-cash investing and financing activities:

| | | |
|---|---|---|
| Depreciation capitalized to mineral properties | **$ 7,198** | $ 11,450 |
| Share-based compensation capitalized to mineral properties | **24,435** | 14,510 |
| Increase in trade and other payables related to mineral properties | **137,644** | 400,913 |

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

## 1. Nature of Operations and Continuance of Operations

West Kirkland Mining Inc. ("West Kirkland" or the "Company") was incorporated on April 3, 2007, under the Company Act of the Province of British Columbia, Canada. The Company was a capital pool corporation, and on May 28, 2010, completed its Qualifying Transaction as that term is defined in TSX Venture Exchange Policy 2.4. These consolidated financial statements reflect the financial position, financial performance and cash flows of the Company's legal subsidiaries, WK Mining, WK Mining (USA) Ltd and WK-Allied Hasbrouck LLC. The address of the Company's head office is Suite 788 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company is an exploration and development company working on mineral properties it has staked or acquired in Nevada. At the Hasbrouck Project, an updated pre-feasibility study and declaration of reserves was completed in September 2016. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary permitting and financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company's ability to dispose of its interests on a profitable basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Since inception to September 30, 2017 the Company has incurred cumulative losses of approximately $24.8 million, which may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company; however, there is no certainty that such funds will be available at terms acceptable to the Company. These material uncertainties could cast doubt upon the Company's ability to continue as a going concern.

## 2. Statement of Compliance and Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with IFRS. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

These condensed consolidated financial statements have been prepared on a going concern basis under the historical cost method. All figures are expressed in Canadian dollars unless otherwise indicated.

## 3. Recent Accounting Pronouncements

Several new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the current accounting period and have not been applied in preparing these consolidated financial statements. These include:

*IFRS 9 Financial Instruments*, which replaces the current standard, IAS 39 *Financial Instruments*: *Recognition and Measurement*. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The new standard is effective for annual periods beginning on or after January 1, 2018, with an early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

(Expressed in Canadian dollars)

*IFRS 15 Revenue from Contracts with Customers*. The final standard on revenue from contracts with customers was issued on May 8, 2014 and is effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early application permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

*IFRS 16 Leases.* IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current financial lease accounting, with limited exceptions for short-term leases or leases of low value assets. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

## 4. Reclamation Bonds

The Company's US subsidiary, WK Mining (USA) Ltd. ("WK Mining (USA)"), has posted a total statewide bond of $193,440 (US$155,000) to the Bureau of Land Management (the "BLM") in the state of Nevada for disturbance of ground required to complete exploration work on projects in Nevada under the jurisdiction of the BLM. This bond is applicable to work done on any property in Nevada and the funds are held in the State of Nevada's reclamation performance bond pool.

WK Mining (USA) has also posted a statewide bond of $62,400 (US$50,000) to the Division of Oil, Gas and Mining of Utah ("DOGM") for disturbance of ground required to complete exploration work on the TUG Project. This is applicable to work done on any property in Utah under the jurisdiction of the BLM or DOGM. The funds are held in the State of Utah's reclamation performance bond pool. They are held in an interest-bearing account and will be returned with interest when the projects are successfully reclaimed. Total interest of $397 (US$318) has been earned on this bond. Once remediation work is complete at TUG (estimated at $25,000) the statewide bond is expected to be returned to the Company.

## 5. Property and Equipment

The Company holds the following property and equipment at September 30, 2017:

| **Cost** | **Field Equipment** | **Leasehold Improvements** | **Vehicles** | **Total** |
|---|---|---|---|---|
| Balance December 31, 2015 | $ 107,605 | $ 55,554 | $111,488 | $274,647 |
| Foreign exchange movement | (2,921) | - | (3,327) | (6,248) |
| Balance December 31, 2016 | **$ 104,684** | **$ 55,554** | **$108,161** | **$268,399** |
| Foreign exchange movement | (6,698) | - | (7,629) | (14,327) |
| **Balance September 30, 2017** | **$ 97,986** | **$ 55,554** | **$100,532** | **$254,072** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| Balance December 31, 2015 | $ 75,211 | $ 18,950 | $ 89,152 | $ 183,313 |
| Additions | 11,963 | 7,936 | 6,622 | 26,521 |
| Foreign exchange movement | (1,933) | - | (2,583) | (4,516) |
| Balance December 31, 2016 | **$ 85,241** | **$ 26,886** | **$ 93,191** | **$ 205,318** |
| Additions | 3,972 | 5,952 | 3,226 | 13,150 |
| Foreign exchange movement | (5,358) | - | (6,541) | (11,899) |
| **Balance September 30, 2017** | **$ 83,855** | **$ 32,838** | **$ 89,876** | **$ 206,569** |
| | | | | |
| **Carrying amount, September 30, 2017** | **$ 14,131** | **$ 22,716** | **$ 10,656** | **$ 47,503** |
| | | | | |
| Carrying amount, December 31, 2016 | $ 19,443 | $ 28,668 | $ 14,970 | $ 63,081 |

During the nine month periods ended September 30, 2017 and 2016, the Company capitalized depreciation of $7,198 and $11,450 respectively to mineral properties.

(Expressed in Canadian dollars)

### 6. Mineral Properties

| | | Hasbrouck Project and Hill of Gold | | Fronteer & TUG | | Total |
|---|---|---|---|---|---|---|
| **Acquisition costs of mineral rights** | | | | | | |
| Balance December 31, 2016 | $ | 27,457,851 | $ | 166,195 | $ | 27,624,046 |
| Incurred during the period | | 132,765 | | 51,172 | | 183,937 |
| Acquisition of royalty[1] | | 4,440,404 | | (223,751) | | 4,216,653 |
| Foreign exchange movement | | (2,399,944) | | 6,384 | | (2,393,560) |
| Balance September 30, 2017 | $ | 29,631,076 | $ | - | $ | 29,361,076 |
| **Deferred exploration costs** | | | | | | |
| Balance December 31, 2016 | $ | 7,664,845 | $ | 4,362,325 | $ | 12,027,170 |
| Engineering | | 125,085 | | - | | 125,085 |
| Permitting | | 776,069 | | - | | 776,069 |
| Drilling – non-exploration | | 140,646 | | - | | 140,646 |
| Drilling – exploration | | 117,569 | | - | | 117,569 |
| Salaries and Wages | | 173,136 | | - | | 173,136 |
| Land holding costs | | 206,362 | | - | | 206,632 |
| Other | | 34,406 | | 27,486 | | 61,892 |
| Disposal of TUG property[1] | | - | | (4,484,258) | | (4,484,258) |
| Foreign exchange movement | | (540,598) | | 94,447 | | (446,151) |
| Balance September 30, 2017 | $ | 8,697,520 | $ | - | $ | 8,697,520 |
| **Total September 30, 2017** | **$** | **38,528,596** | **$** | **-** | **$** | **38,328,596** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Acquisition costs of mineral rights** | | | | | | |
| Balance December 31, 2015 | $ | 27,996,522 | $ | 52,133 | $ | 28,048,655 |
| Incurred during the year | | 296,774 | | 115,618 | | 412,392 |
| Foreign exchange movement | | (835,445) | | (1,556) | | (837,001) |
| Balance December 31, 2016 | $ | 27,457,851 | $ | 166,195 | $ | 27,624,046 |
| **Deferred exploration costs** | | | | | | |
| Balance December 31, 2015 | $ | 7,160,457 | $ | 4,491,373 | $ | 11,651,830 |
| Engineering | | 169,357 | | - | | 169,357 |
| Permitting | | 46,234 | | - | | 46,234 |
| Drilling – non-exploration | | 40,895 | | - | | 40,895 |
| Drilling – exploration | | 14,008 | | - | | 14,008 |
| Salaries and Wages | | 246,951 | | - | | 246,951 |
| Other | | 200,617 | | 4,978 | | 205,595 |
| Foreign exchange movement | | (213,674) | | (134,025) | | (347,699) |
| Balance December 31, 2016 | $ | 7,664,845 | $ | 4,362,325 | $ | 12,027,170 |
| **Total December 31, 2016** | **$** | **35,122,696** | **$** | **4,528,520** | **$** | **39,651,216** |

[1] TUG property exchanged for royalty on Hasbrouck Project, please see Note (c) below for further details.

#### (a) Hasbrouck and Three Hills

On January 24, 2014, the Company signed a purchase agreement with Allied Nevada Gold Corp. ("ANV") to acquire ANV's Hasbrouck and Three Hills properties (together the "Hasbrouck Project") for consideration of up to US$30 million. The Company was required to pay an aggregate of US$20 million to acquire a 75% interest in the properties with a US$500,000 non-refundable cash deposit made upon execution of the letter agreement. The additional US$19.5 million was paid April 23, 2014 at which time the Company purchased a 75% interest in the properties.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015, Waterton Precious Metals Fund ("Waterton") acquired all of ANV's exploration properties and related assets (excluding the Hycroft operation) for US$17.5 million. The bankruptcy of ANV and the subsequent acquisition of the 25% interest in the Hasbrouck Project by Waterton does not alter the Company's legal rights or interests in the Hasbrouck Project.

As outlined in the purchase agreement, 100% title to the mineral rights underlying the Hasbrouck Project has been transferred into a Limited Liability Corporation (the "LLC") for ownership and operating purposes. Effective September 1, 2016, the Company transferred a 25% interest in the LLC to Waterton and retained the remaining 75% interest after a formal operating agreement was executed during the quarter. Under the terms of the LLC agreement, Waterton is required to fund their 25% share of expenditures on the Hasbrouck Project incurred subsequent to September 1, 2016. To date, Waterton has been funding their share of expenditures. However, should Waterton choose not to fund their share of expenditures, their interest will be diluted according to a prescribed formula in the LLC agreement. At September 30, 2017 the Company has recorded in accounts receivable an amount of $132,352 (US$106,051) representing Waterton's 25% share of LLC expenses incurred from June 1 – September 30, 2017.

The transfer of rights into the LLC and the execution of a formal operating agreement has not altered or affected the existing royalty structure on the Hasbrouck Project, being approximately an aggregate 3.5% over the claims hosting the Hasbrouck Project's proven and probable reserves. Royalties on the Hasbrouck Project acquired by the Company during the period are 100% held by the Company and not in the LLC as noted in section (c) below.

**(b) Hill of Gold**

On November 29, 2016 the Company announced that it had signed a ten-year Mineral Lease and Option to Purchase Agreement (the "HOG Lease") for a 100% interest in the Hill of Gold property near Tonopah, Nevada. The Hill of Gold property is located midway between the Three Hills Mine and the Hasbrouck Mine. The HOG Lease terms allow for mining, and involve annual lease payments as pre-payments on a 2% Net Smelter Return ("NSR") royalty of US$25,000 for the first three years and thereafter US$30,000 per year, with the option of buying the mining claims and royalty for US$500,000 at any time during the lease term. The lease is for 25 mining claims on approximately 500 acres of unpatented land.

**(c) Fronteer / TUG**

On December 14, 2010, the Company entered into an agreement with Fronteer Gold Inc. ("Fronteer") to option 11 properties comprising approximately 234 $km^2$ in north eastern Nevada and Utah. Newmont Mining Corporation ("Newmont") later acquired Fronteer on February 3, 2011. The acquisition of Fronteer had no effect on the agreement with the Company. In the agreement, the Company had the option of earning in on a number of designated properties and earned a 60% interest on the TUG property in 2013.

On May 9, 2017 the Company announced it had purchased an approximate 1.1% NSR royalty on the Hasbrouck project, plus the rights to US$1.0 million in payments due upon commercial production at Hasbrouck and the extinguishment of US$194,000 in existing land fees payable to Newmont, in exchange for all of the Company's rights, title and interests in, and its obligations associated with the TUG property. Newmont retains a 1.25% NSR royalty over the Hasbrouck project, which the Company has a right to purchase at any time for so long as Newmont continues to own the rights. The Company owns the approximate 1.1% NSR royalty for its own account, representing 31.4% of the existing 3.5% NSR royalties on the Hasbrouck Gold Project. The existing NSR royalties are over claims hosting the proven and probable reserves and have not been altered by way of this transaction.

## 7. Share Capital

The authorized share capital consists of an unlimited number of common shares without par value. At September 30, 2017, the Company had 345,388,947 shares outstanding.

(Expressed in Canadian dollars)

On August 16, 2017, the Company closed a non-brokered private placement of 19,300,000 shares at a price $0.075 per share for gross proceeds of $1,447,500.

On February 28, 2017 the Company issued 1,454,778 common shares (worth US$100,000) to Liberty Moly in consideration for leased water rights on the Hasbrouck Project.

On October 28, 2016, the Company closed a private placement of 16,500,000 common shares for aggregate gross proceeds of $1,650,000. There were no finders' fees or commissions paid as the financing was arranged by management with two of the Company's major shareholders.

*Warrant Reserve*

In 2014, the Company issued 220,940,833 warrants. Each warrant is exercisable for one common share at a price of $0.30 at any time prior to April 17, 2019. The $4,418,817 fair value of these warrants was estimated using the relative fair value method using the share price on the date of issue of the shares and the warrant price from the first day of public trading.

*Share based payment reserve*

The Company established a stock option plan (the "Plan") on May 1, 2007, whereby options can be granted to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding.

The following table summarizes the Company's outstanding share options:

| Exercise Price | Number Outstanding at September 30, 2017 | Weighted Average Remaining Contractual Life (Years) | Number Exercisable at September 30, 2017 |
|---|---|---|---|
| $0.22 | 500,000 | 0.43 | 500,000 |
| $0.15 | 5,600,000 | 1.73 | 5,600,000 |
| $0.11 | 3,700,000 | 4.27 | 3,700,000 |
| $0.10 | 4,000,000 | 3.39 | 3,900,000 |
| | 13,800,000 | 2.86 | 13,700,000 |

The weighted average remaining contractual life of the options outstanding at September 30, 2017 is 2.86 years.

The following table summarizes the Company's share based payment reserve:

| | | |
|---|---|---|
| **Balance December 31, 2015** | **$** | **789,089** |
| Share-based compensation expense | | 262,582 |
| Share options cancelled | | (168,801) |
| **Balance December 31, 2016** | **$** | **882,870** |
| Share-based compensation expense | | 263,869 |
| Share options cancelled | | (72,766) |
| **Balance September 30, 2017** | | **1,073,973** |

On January 4, 2017, 3,900,000 incentive stock options were granted to various officers and employees of the Company. Each option is exercisable at a price of $0.11 per share for a period of five years and vest immediately. The Company expensed $233,491 related to these options and capitalized $24,435 to mineral properties.

On January 23, 2017, the Company granted 200,000 options with 25% vesting immediately with the remaining unvested options vesting evenly at six, nine and 12 months after issue. Each option is exercisable at a price of $0.10 for a period of two years. The Company recognized a $5,943 expense during the nine month period relating to these options.

(Expressed in Canadian dollars)

The fair value of the options granted in 2017 was estimated using the Black-Scholes model with the following weighted average assumptions:

| | |
|---|---|
| Expected life | 4.85 years |
| Risk-free interest rate | 1.03% |
| Expected volatility[1] | 90% |
| Expected dividends | - |

[1]Expected volatility is based on the trading history of the Company and companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to this comparable peer group.

On April 12, 2016, 3,800,000 incentive stock options were granted to various officers and employees of the Company. Each option is exercisable at a price of $0.10 per share for a period of five years and vest immediately. The Company expensed $248,072 related to these options and capitalized $14,510 to mineral properties. The Company estimated the fair value of these options using the Black-Scholes model using the following assumptions:

| | |
|---|---|
| Expected life | 5 years |
| Risk-free interest rate | 0.68% |
| Expected volatility[1] | 90% |
| Expected dividends | - |

[1]Expected volatility is based on the trading history of the Company and companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to this comparable peer group.

During the year ended December 31, 2016 a total of 790,000 share purchase options were cancelled at a fair value amount of $168,801. The fair value of these options was transferred from share based payment reserve to deficit.

As at September 30, 2017 the weighted average fair value per option outstanding was $0.08

Details of the weighted average exercise price of outstanding share options is as follows:

| | Number | Weighted average exercise price |
|---|---|---|
| **Balance December 31, 2015** | **7,590,000** | **$0.18** |
| Granted | 3,800,000 | $0.10 |
| Cancelled | (790,000) | $0.97 |
| **Balance December 31, 2016** | **10,600,000** | **$0.13** |
| Granted | 4,100,000 | $0.11 |
| Cancelled | (900,000) | $0.14 |
| **September 30, 2017** | **13,800,000** | **$0.13** |

The weighted average exercise price for both the outstanding and exercisable share purchase options at June 30, 2017 was $0.13.

## 8. Capital Risk Management

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, reserves and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of mineral rights.

As at September 30, 2017, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

## 9. Financial Risk Management

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

*(a) Fair Value*

As at September 30, 2017 the Company's financial instruments consist of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities. The fair values of accounts receivable and accounts payable approximate their carrying values due to the short-term nature of these instruments and the fair value of the reclamation bonds approximates their fair value due to the fact they earn interest at rates approximating market rates.

*(b) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

*(c) Credit Risk*

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash, which is held in large Canadian financial institutions and accounts receivable. The Company believes this credit risk is insignificant.

*(d) Foreign Currency Risk*

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States and is therefore exposed to foreign currency risk arising from transactions denominated in U.S. dollars. Certain amounts of the Company's accounts payable and accrued liabilities are denominated in U.S. dollars. A 10% change in the exchange rate between the Canadian and United States dollar would have an effect on the loss before income taxes as at September 30, 2017 of approximately $43,491. The Company monitors its net exposure to foreign currency fluctuations and adjusts its cash held in U.S. dollars accordingly. The following table lists the Canadian dollar equivalent of financial instruments and other current assets denominated in U.S. dollars as of September 30, 2017:

| | September 30, 2017 | December 31, 2016 |
|---|---|---|
| Cash | $ 175,877 | $ 103,545 |
| Accounts receivable | - | 4,511 |
| Prepaid expenses and other | 12,439 | 18,800 |
| Reclamation bond | 256,237 | 275,587 |
| Accounts payable and accrued liabilities | 146,190 | 232,381 |

(Expressed in Canadian dollars)

*(e) Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

## 10. Segmented Information

The Company currently operates in one segment, being the exploration of mineral properties in Nevada and Western Utah, USA. The Company's executive and head office is located in Vancouver, British Columbia, Canada.

Details of the geographic location of assets, liabilities and net loss are as follows:

| **As at September 30, 2017** | Canada | United States | Total |
|---|---|---|---|
| Current Assets | $ 638,099 | $ 321,227 | $ 959,326 |
| Mineral Properties | - | 38,328,596 | 38,328,596 |
| Other Assets | 22,715 | 281,025 | 303,740 |
| Total Assets | 660,813 | 38,930,848 | 39,591,662 |
| Accounts Payable and accrued liabilities | 212,785 | 146,190 | 358,975 |
| Net loss | 793,723 | 126,255 | 919,978 |

| **As at September 30, 2016** | Canada | United States | Total |
|---|---|---|---|
| Current Assets | $ 26,268 | $ 13,575 | $ 39,843 |
| Mineral Properties | - | 38,458,175 | 38,458,175 |
| Other Assets | 30,969 | 308,540 | 339,509 |
| Total Assets | 57,237 | 38,780,290 | 38,837,527 |
| Accounts Payable and accrued liabilities | 209,011 | 395,676 | 604,687 |
| Net loss | 868,806 | 71,573 | 940,389 |

## 11. Related Party Transactions

The Company paid remuneration for the following items with companies related by way of directors in common:

| | Three Months ended September 30, 2017 | Three Months ended September 30, 2016 | Nine Months ended September 30, 2017 | Nine Months ended September 30, 2016 |
|---|---|---|---|---|
| General Administration | $ 6,000 | $ 6,000 | $ 18,000 | $ 18,000 |
| Accounting fees | 12,000 | 12,000 | 36,000 | 36,000 |
| Rent | 6,300 | 6,300 | 18,900 | 18,900 |
| Directors Fees | 21,500 | 27,250 | 79,879 | 88,750 |
| Total Related Party Transactions | $ 65,525 | $ 51,550 | $ 172,504 | $ 161,650 |

For the period ended September 30, 2017 the Company accrued and paid $18,000 (September 30, 2016 - $18,000) for day-to-day administration, reception and secretarial services and $36,000 (September 30, 2016 - $36,000) for accounting services; and $18,900 (September 30, 2016 - $18,900) for rent to Platinum Group

Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at period end include an amount of $22,963 to Platinum Group Metals (September 30, 2016 - $39,054).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

### 12. Commitments and Contingencies

To acquire certain other mineral property interests or to continue to hold current properties in Nevada the Company must make optional acquisition and exploration expenditures in order to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors. For details of the Company's mineral property acquisitions and optional expenditure commitments see Note 6. The Company has no other identified commitments or contingencies.