BROADWAY GOLD MINING LTD.

(FORMERLY CAROLINA CAPITAL CORP.)

Consolidated Financial Statements

August 31, 2017 and 2016

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

To the Shareholders of Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee, which is comprised primarily of Directors who are neither management nor employees of Broadway Gold Mining Ltd. has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Broadway Gold Mining Ltd.'s external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

November 28, 2017

"Suzanne Wood"	*"Shawn Parnham"*
Director	Director

MNP LLP

Independent Auditors' Report

To the Shareholders of Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.):

We have audited the accompanying consolidated financial statements of Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.), which comprise the consolidated statements of financial position as at August 31, 2017 and August 31, 2016, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) as at August 31, 2017 and August 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Vancouver, BC, Canada
November 28, 2017

Chartered Professional Accountant

BROADWAY GOLD MINING LTD.

(FORMERLY CAROLINA CAPITAL CORP.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

		August 31, 2017		August 31, 2016
ASSETS				
CURRENT				
Cash	$	4,987	$	14,384
Short-term investments (Note 2)		2,114,960		155,305
GST receivables		12,888		6,400
Prepaid expense		88,515		2,600
Total current assets		2,221,350		178,689
Property and equipment (net) (Note 3)		88,392		-
Exploration and evaluation assets (Note 4)		2,651,982		47,400
Reclamation deposits (Note 4)		87,749		-
Long term prepaid expenses (Note 4)		-		39,930
		2,828,123		87,330
TOTAL ASSETS	$	5,049,473	$	266,019
LIABILITIES				
CURRENT				
Bank Indebtedness	$	19,738	$	-
Accounts payable and accrued liabilities		81,118		99,022
TOTAL LIABILITIES		100,856		99,022
SHAREHOLDERS' EQUITY				
Share Capital (Note 5)		6,466,033		745,081
Shares to Be Issued (Note 4)		115,000		-
Contributed Surplus		809,791		77,601
Accumulated Other Comprehensive Income		(166,878)		(44)
Deficit		(2,275,329)		(655,641)
		4,948,617		166,997
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	5,049,473	$	266,019

These consolidated financial statements are authorized for issuance by the Board of Directors on November 28, 2017.

"Suzanne Wood"	*"Shawn Parnham"*
Director	Director

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

BROADWAY GOLD MINING LTD.

(FORMERLY CAROLINA CAPITAL CORP.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	August 31, 2017	August 31, 2016
OPERATING EXPENSES		
Accounting and audit fees	89,216	35,629
Advertise and marketing expenses	103,015	-
Consulting fees	195,519	1,654
Depreciation	7,263	-
General office expenses	25,690	764
Legal fees	101,911	33,562
Project investigation (Note 6b and 6d)	-	78,895
Office rent	26,020	1,200
Shareholder information & communication	185,781	765
Share-based compensation	726,058	27,614
Transfer agent and filing fees	128,758	17,509
Travel expenses	41,543	-
Foreign exchange loss	-	24
	(1,630,774)	(197,616)
OTHER INCOME (EXPENSES)		
Recovery of other receivable (Note 7)	-	50,000
Write down of exploration and evaluation asset (Note 4)	-	(92,639)
Interest income	11,086	1,592
	11,086	(41,047)
NET LOSS	(1,619,688)	(238,663)
OTHER COMPREHENSIVE LOSS		
Item that may be subsequently reclassified to profit or loss		
Foreign currency translation loss	(166,834)	(44)
COMPREHENSIVE LOSS FOR THE YEAR	(1,786,522)	(238,707)
LOSS PER SHARE, Basic and Diluted	$ (0.06)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING- Basic and Diluted	30,338,258	9,650,000

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

BROADWAY GOLD MINING LTD.

(FORMERLY CAROLINA CAPITAL CORP.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Shares to be Issued	AOCI	Deficit	Total
		$	$	$	$	$	$
Balance, August 31, 2015	**9,650,000**	**745,081**	**49,987**	**-**	**-**	**(416,978)**	**378,090**
Stock options granted during the year	-	-	27,614	-	-	-	27,614
Currency Exchange	-	-	-	-	(44)	-	(44)
Net loss and comprehensive loss for the year	-	-	-	-	-	(238,663)	(238,663)
Balance, August 31, 2016	**9,650,000**	**745,081**	**77,601**	**-**	**(44)**	**(655,641)**	**166,997**
Private placements during the year	25,925,871	5,547,862	39,638	-	-	-	5,587,500
Exercise of stock options and warrants	1,383,333	173,090	(33,507)	-	-	-	139,583
Stock options granted during the year	-	-	726,059	-	-	-	726,059
Shares to be issued (Note 4)	-	-	-	115,000	-	-	115,000
Currency Exchange	-	-	-	-	(166,834)	-	(166,834)
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,619,688)	(1,619,688)
Balance, August 31, 2017	**36,959,204**	**6,466,033**	**809,791**	**115,000**	**(166,878)**	**(2,275,329)**	**4,948,617**

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

BROADWAY GOLD MINING LTD.
(FORMERLY CAROLINA CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	August 31, 2017	August 31, 2016
OPERATING ACTIVITIES		
Net loss for the year	$ (1,619,688)	$ (238,663)
Items not involving cash:		
Deferred consideration payable	115,000	-
Depreciation	7,263	-
Write down of exploration & evaluation asset	-	92,639
Share based compensation	726,058	27,614
Changes in non-cash working capital items:		
GST receivables	(6,488)	(5,923)
Prepaid expenses	(87,332)	-
Accounts payable and accrued liabilities	(14,129)	88,996
Cash used in operating activities	(879,316)	(35,337)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Bank indebtedness	19,738	-
Net proceeds from private placements	5,587,502	-
Net proceeds from exercising of options and warrants	139,583	-
Cash from financing activities	5,746,823	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of property and equipment	(100,181)	-
Exploration activities and maintenance on properties	(2,737,950)	-
Reclamation bonds	(92,244)	-
Short term investments	(1,959,655)	83,478
Prepaid for mineral properties	(40,187)	(39,930)
Cash (used in) provided by investing activities	(4,849,842)	43,548
(DECREASE) INCREASE IN CASH	17,665	8,211
Effect of exchange rate changes on cash	(27,062)	23
Cash, beginning of year	14,384	6,150
Cash, end of year	$ 4,987	$ 14,384

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

1. NATURE OF OPERATIONS

Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on July 26, 2010. The head office and principal address of the Company is #507 – 595 Howe Street, Vancouver, B.C., V6C 2T5.

The Company was a capital pool company as defined by the rules of the TSX Venture Exchange ("Exchange") in Policy 2.4 of the Exchange and on March 26, 2013, received Exchange approval for its Qualifying Transaction and commenced trading on the Exchange as a Tier 2 Mining Issuer. In March 2013, the Company acquired the GP Property located in British Columbia, Canada. In September 2016, the Company through its wholly owned subsidiary, Broadway Gold Corp., acquired a 100% interest in 6 patented and 35 unpatented claims in the Madison Property located in Montana, USA. The Company's principal business activity is the exploration of mineral resources on the Madison Property. Subsequent to the acquisition of the Madison Project, the Company changed its name to Broadway Gold Mining Ltd. and trades on the TSX Venture Exchange under the symbol "BRD".

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at August 31, 2017, the Company had working capital of $2,120,494 and an accumulated deficit of $2,275,329. The Company has sufficient working capital to fund its operations for the next twelve months, but may be reliant upon future equity financing to fund its operations and advance the development of its exploration mining business.

Mineral exploration involves a high degree of risk and there is no assurance that exploration projects will result in future profitable operations. The business is subject to risk, market conditions, supply and demand and competition. The Company has cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These factors include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and the future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets reflect historical costs incurred and is not intended to reflect current or future values.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company and its subsidiary are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2017.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") and available-for-sale which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Broadway Gold Corp., a Montana corporation. The activities of the Madison Project in Montana are conducted primarily by Broadway Gold Corp.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

Foreign currency translation and transaction

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar. Its subsidiary's functional currency is US dollar.

Transactions denominated in foreign currencies are translated to the functional currency of the Company and its subsidiary at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of earnings.

The consolidated financial statements of the entity that has a functional currency different from Canadian dollars are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statements of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive loss as foreign currency translation adjustments.

Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the categories including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, or available for sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans and receivables are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

The Company classifies cash and cash equivalents and short term investments as FVTPL, accounts receivable as loans and receivables. Transactions costs associated with financial assets at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.
Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified in this category unless they are designated as hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant estimates used in preparing the consolidated financial statements include, but are not limited to:

(i) Impairment of long lived assets

Determining the amount of impairment of long lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company' long term assets such as property, plant and equipment and exploration and evaluation assets.

(ii) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred tax assets and liabilities and results of operations.

(iii) Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to:

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

(i) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended August 31, 2017. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 1 for additional information.

(ii) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

(iii) Decommissioning obligations

The provision for decommissioning obligations is based on numerous assumptions and judgements including the ultimate settlement amounts, inflation factors, risk free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning obligation, a corresponding adjustment is made to the property, plant and equipment balance.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of three months or less at the time of issuance.

Short-term investments

Short-term investments are investments that are transitional or current in nature, with an original maturity greater than three months but less than twelve months. As at August 31, 2017, the Company has short-term investments in the form of Guaranteed Investment Certificates (GIC) held with the Bank of Montreal of $2,114,960, including accrued interest, of which $2,000,000 matures May 9, 2018 with an annual yield of 0.8%, and $110,000 matures September 7, 2017 with an annual yield of 0.65%.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the related asset. All assets are depreciated using the straight-line method. Depreciation is calculated based on the cost of an asset less its residual value and is recognized over the anticipated useful life of the asset as follows:

Asset class	Depreciation term
Mining equipment	5 years
Buildings	25 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

Expenditures for repairs and maintenance are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Expenditures incurred before the Company has obtained legal rights to explore an area are recognized in the consolidated statement of operation as exploration expenses.

Exploration and evaluation assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including, but are not limited to, land acquisition, geological and geophysical studies, exploratory drilling and sampling and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are not depleted. When assets are determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and the recoverable amount is transferred to property, plant and equipment. Upon transfer of exploration and evaluation costs into property, plant and equipment, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines. At such time as commercial production commences, these expenditures will be charged to operations on a unit-of-production method based on proven and probable resources.

Exploration and evaluation assets are also assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

When impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Asset retirement obligation

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at August 31, 2016, the Company did not have any asset retirement obligations.

Provisions

Provisions for legal or constructive obligations are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recorded using the statement of financial position 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. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

Basic and diluted loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

Share-based compensation

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and recent pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below except those which the Company does not expect any impacts on its consolidated financial statements.

IFRS 9 "Financial instruments"
IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

IAS 7 "Statement of Cash Flows" (Amendment)
In January 2016, the International Accounting Standards Board (IASB) issued amendments to IAS 7 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2016. The amendments are part of the IASB's Disclosure Initiative to address some of the concerns expressed about existing presentation and disclosure requirements. The amendments require entities to provide disclosures that enable users of the financial statements to evaluate both cash flow and non-cash changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

3. PROPERTY AND EQUIPMENT

	Mining Equipment	Buildings	Total
Cost			
Auguet 31, 2016 and 2015	-	-	-
Additions	28,679	66,622	95,301
August 31, 2017	28,679	66,622	95,301
Accumulated Amortization			
Auguet 31, 2016 and 2015	-	-	-
Additions	5,258	1,651	6,909
August 31, 2017	5,258	1,651	6,909
Net book value			
August 31, 2017	23,421	64,971	88,392
August 31, 2016	-	-	-

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets are comprised of properties located in British Columbia Canada (the GP Property) and in Montana, USA (the Madison Property). Capitalized expenditures are as follows:

	GP Property	Madison Property
Balance August 31, 2015	$ 140,039	$ -
Assessment and taxes	-	32,810
Permits, assay and testing	-	7,120
Write down of impairment of E & E assets	(92,639)	
Net expenditures in year	(92,639)	39,930
Balance August 31, 2016	47,400	39,930
Land	-	191,192
Mining claims	-	110,958
Assessment and taxes	-	92,255
Camp costs	-	91,349
Consulting engineers	-	1,550,296
Fieldwork and wages	-	280,141
Permits, assay and testing	-	273,297
Power utilities	-	15,094
Reclassification of prepaid expenses	-	(39,930)
Net expenditures during the year	-	2,564,652
Balance August 31, 2017	$ 47,400	$ 2,604,582

(a) GP Property, British Columbia

On November 20, 2012, the Company entered into an Option Agreement to earn a 100% interest in the GP Property. In order to maintain the Option in good standing the Company is required to: incur exploration expenditures to a total of $100,000 on or before the first anniversary of the date of Exchange approval, make cash payments to the vendors of the Option of $10,000 upon receipt of the Technical Report and $15,000 at the time of Exchange approval and issue 700,000 shares (200,000 upon Exchange approval, 200,000 on the first anniversary of Exchange approval and 300,000 on or before the second anniversary. All payments have been made and share commitments have been issued. During fiscal 2016, the Company recorded an impairment on the property and wrote down the asset by $92,639 to a residual amount of $47,400. The carrying value of the GP Property of $47,400 is believed to be the current fair market value of the asset as the Option remains in good standing.

4. EXPLORATION AND EVALUATION ASSETS (continued)

(b) Madison Property, Montana

On July 21, 2016, the Company through its subsidiary entered into an agreement to purchase 100% right, title and interest in 450 acres of land with a 192 acre ranch, buildings, mine equipment and fixtures and 6 patented and 35 unpatented mineral claims situated in Madison County, Montana. The agreement called for a cash payment of CDN$250,000 (inclusive of the US$25,000 paid on May 18, 2016 towards the annual property payment) and the issuance of 500,000 common shares each on the First and Second Anniversary and CDN$100,000 upon attainment of commercial production. The 1,000,000 shares to be issued were valued at the prevailing stock price at the time of closing of the transaction of $0.115 per share for total additional consideration of $115,000. The acquisition is also subject to an annual payment equal to the greater of a 2% NSR or US$50,000 (of which the Company paid US$25,000 towards the 2016 payment). Final TSX approval for the closing of the transaction was received on September 30, 2016.

During the year the Company staked an additional 69 unpatented mineral claims to increase its land-holdings to 104 unpatented lode claims.

As at year ended August 31, 2016, the Company had paid $39,930 for the acquisition and the permits fee which was treated as long term expenses. During the year, the prepaid expenses were reclassified to the exploration and evaluation assets.

The Company provided funding of $87,749 (2016: nil) for deposits as security against potential future reclamation work related to the Madison property.

(c) Title to exploration and evaluation asset

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(d) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its exploration and evaluation asset activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and outstanding:

Balance as at August 31, 2016 and 2015		**9,650,000**
Issued October 13, 2016	Private Placement at $0.06 per Unit (i)	16,500,000
Issued October 13, 2016	Exercise of Stock Options	425,000
Issued January 3, 2017	Private Placement at $0.35 per Unit (ii)	6,614,757
Issued March 15, 2017	Exercise of Warrants	808,333
Issued March 21, 2017	Exercise of Stock Options	150,000
Issued April 28, 2017	Private Placement at $0.90 per Unit (iii)	2,811,114
Balance as at August 31, 2017		**36,959,204**

(i) On October 13, 2016, the Company completed a private placement of 16,500,000 Units at $0.06 per unit. Each Unit comprised of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of $0.10 per share for a period of three years, expiring October 13, 2019. During the year 808,333 warrants were exercised.

(ii) On January 3, 2017, the Company completed a private placement of 6,614,757 Units at $0.35 per unit. Each Unit comprised of one common share and one-half of one share purchase warrant with a whole warrant entitling the holder to purchase one additional common share at a price of $0.75 per share for a period of two years expiring January 3, 2019.

(iii) On April 28, 2017, the Company completed a private placement of 2,811,114 Units at $0.90 per unit. Each Unit comprised of one common share and one-half of one share purchase warrant with a whole warrant entitling the holder to purchase one additional common share at a price of $1.60 per share for a period of eighteen months expiring October 28, 2018. Contemporaneous with the closing of the private placement, the Company granted an aggregate of 154,445 Agents' Warrants entitling the holder to purchase one common share under the same terms.

(c) Stock Options:

The Company has an incentive stock option plan (the "Option Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. All options granted under the plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, whose options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period. The purpose of the Plan is to provide directors, officers and key employees and certain other persons who provided services to the Company and its subsidiary with an increased incentive to contribute to the future success and prosperity of the Company.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

(c) Stock Options (continued)

During the year of 2016, the Company granted an aggregate of 950,000 stock options to various directors at an exercise price of $0.05 per share for a period of five years from the date of grant. The stock options vested immediately. The Company recorded $27,614 as share-based compensation as a result of granting the above noted stock option.

On October 18, 2016, the Company granted an aggregate of 1,350,000 stock options to various directors at an exercise price of $0.25 per share for a period of five years from the date of grant. The stock options vested immediately. The Company recorded $151,639 as stock-based compensation as a result of granting these stock options.

On October 19, 2016, the Company granted 500,000 stock options to a director at an exercise price of $0.25 per share for a period of five years from the date of grant. The stock options vested immediately. The Company recorded $56,163 as share-based compensation as a result of granting these stock options.

On October 18, 2016, the Company granted 250,000 stock options to a service provider at an exercise price of $0.19 per share for a period of five years from the date of grant. The stock options will vest over twelve months. The Company recorded $32,810 as share-based compensation as a result of the granting of these stock option.

On April 3, 2017, the Company granted an aggregate of 515,000 stock options to a new director and key employees at an exercise price of $1.11 per share for a period of five years from the date of grant. The stock options vested immediately. The Company recorded $315,187 as share-based compensation.

On July 13, 2017, the Company granted an aggregate of 400,000 options to two new directors at an exercise price of $0.74 per share for a period of five years from the date of grant. The stock options vested immediately. The Company recorded $170,259 as share-based compensation.

A summary of option activity for the period ended August 31, 2017 is as follows:

	Number of Options	Weighted Average Exercise Price		Expiry Date
Balance, August 31, 2015	**400,000**	**$**	**0.10**	December 14, 2015
Expired during the year	(400,000)	**$**	**0.10**	
Granted during the year	**950,000**	**$**	**0.05**	February 15, 2021
Balance, August 31, 2016	**950,000**	**$**	**0.05**	February 15, 2021
Exercised during the year	(425,000)	$	0.05	
Granted during the year	1,350,000	$	0.25	October 18, 2021
Exercised during the year	(150,000)	$	0.25	
Granted during the year	250,000	$	0.19	October 18, 2021
Granted during the year	500,000	$	0.25	October 19, 2021
Granted during the year	515,000	$	1.11	April 3, 2022
Granted during the year	400,000	$	0.74	July 13, 2022
Balance, August 31, 2017	**3,390,000**	**$**	**0.40**	

As at August 31, 2017 these options have a weighted average remaining contractual life of 4.19 years.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

(c) Stock Options (continued)

The Company calculated fair market value of the 3,390,000 stock options using the Black-Scholes fair value option-pricing model and the following assumptions were used:

Risk-free interest rate	0.56% - 1.28%
Expected life of stock options	2 years
Annualized volatility	84% - 112%
Dividend rate 0.00%	0.00%

Option valuation models require the use of highly subjective assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

(d) Share Purchase Warrants:

A summary of warrant activity for the period ended August 31, 2017 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, August 31, 2016 and 2015	-		
Issued during the year (Note 5(b)(i))	16,500,000	$ 0.10	October 13, 2019
Exercised during the year	(808,333)		
Issued during the year (Note 5(b)(ii))	3,307,378	$ 0.75	January 3, 2019
Issued during the year (Note 5(b)(iii))	1,405,563	$ 1.60	October 28, 2018
Issued during the year (Note 5(b)(iii))	154,445	$ 1.60	October 28, 2018
Balance, August 31 2017	20,559,053	$ 0.32	

As at August 31, 2017 the warrants have a weighted average remaining contractual life of 1.92 years.

6. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

(a) For the year ended August 31, 2017, the Company incurred accounting, administrative services and rent of $64,700 (2016: $30,200) to a company owned by one of its directors.

(b) For the year ended August 31, 2017, the Company incurred management services and project investigation costs of $60,000 to a company owned by one of its directors (2016: $33,000). As at August 31, 2017, included in accounts payable is an aggregate of $5,265 payable to the director for expenses.

(c) For the year ended August 31, 2017, the Company incurred management services of $25,000 to one of its directors (2016: nil). As at August 31, 2017, included in accounts payable and accrued liabilities is an aggregate of $5,000 payable to this director company for the services.

(d) For the year ended August 31, 2017, the Company incurred geological, management and project investigation costs of $99,213 to a company owned by one of its former directors (2016: $29,488).

All transactions and balances are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. IMG RECOVERY

On April 7, 2014, the Company had entered into a non-binding Letter of Intent ("LOI") with IMG Gold Recovery Inc. ("IMG") to form a joint venture whereby the Company and IMG will build and operate a precious metals toll mill and recovery facility. On June 27, 2014 the LOI was extended to September 30, 2014. On July 21, 2014, the Company signed an addendum with IMG to provide $50,000 for capital expansion of IMG's pilot plant in Burnaby, BC. On October 14, 2014 the Company reported that its non-binding Letter of Intent with IMG had expired and the Company wrote off the non-refundable deposit as project investigation cost. During the fiscal year 2015, the capital expansion of IMG's pilot plant in Burnaby was delayed due to a variety of circumstances and management had written down the receivable balance as a result of uncertainty of the outcome of the metals stream project. On March 31, 2016, the Company entered into a Mutual Release with IMG Gold Recovery Inc. ("IMG") to release each other of any further obligations in connection with addendum agreement dated July 21, 2014 and the Company received a payment of $50,000 from IMG as a final settlement to mutually terminate the addendum.

8. FINANCIAL RISK MANAGEMENT

The Company's financial assets consist of cash and short-term investments. The estimated fair values of cash and short-term investments approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
c. Level 3 – inputs that are not based on observable market data.

For the years ended August 31, 2017 and 2016, the fair value of cash and short-term investments were measured using Level 1 inputs.

8. FINANCIAL RISK MANAGEMENT (continued)

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash is currently invested in business accounts which are available on demand by the Company for its operations.

Interest Rate Risk

The Company invests part of the cash balance in a variable rate GIC at rates of 0.6500% and 0.8000%. Any change to market rates result in interest rate risk. The exposure to interest rate risk, however, is limited due to the short-term nature of variable rate GIC.

Credit Risk

Credit risk is the risk of a loss in a counterparty to a financial instrument that fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and short-term investments. The Company limits its exposure to credit risk by holding its cash and short-term investments in deposits with high credit quality Canadian financial institutions.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities is denominated in Unites States dollars. Consequently, certain financial assets and liabilities are exposed to currency fluctuations. Most of the Company's operations are conducted in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The financial assets and liabilities denominated in United States dollars, translated into Canadian dollars at the closing rate, which expose the Company to currency risk are:

	As at August 31, 2017	As at August 31, 2016
Cash	$4,987	$ 11,325
Reclamation Deposits	$87,749	-
Accounts payable & accrued liabilities	$5,114	$7,803

A 10% change in the exchange rate would not have a significant impact.

(Expressed in Canadian Dollars)

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustment to it based on the funds available to the Company in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on equity financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended August 31, 2017 and 2016.

10. SEGMENTED INFORMATION

The Company and its subsidiary are considered to be operating in one operating segment that being the exploration of mineral properties, based on its business nature and strategic decision making method.

The Company is located and operated in USA and Canada. The Company's corporate offices are located in Canada and its mineral exploration activities are conducted in Montana, USA. Total assets by geographic locations are $2,705,296 and $47,400 for USA and Canada, respectively. Net loss by geographic locations are $514,764 and $1,519,179 for USA and Canada, respectively.

11. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the years ended August 31, 2017 and 2016:

	August 31, 2017	August 31, 2016
Income (loss) before taxes	$ (1,619,688)	$ (238,663)
Statutory tax rate	26%	26%
Expected income tax (recovery)	(421,119)	(62,052)
Non-deductible items	194,693	7,188
Change in deferred tax asset not recognized	226,426	54,864
Income tax expense (recovery)	$ -	$ -

The unrecognized deductible temporary differences as at August 31, 2017 and 2016 are comprised of the following:

Canada	August 31, 2017	August 31, 2016
Non capital loss carryforwards	$ 1,412,231	$ 627,111
Exploration and evaluation assets	64,060	142,639
Net capital loss carryforwards	12,500	-
Financing costs	229,843	-
Unrecognized deductible temporary differences	$ 1,718,634	$ 769,750

(Expressed in Canadian Dollars)

11. INCOME TAXES – (continued)

USA	August 31, 2017		August 31, 2016	
Net operating loss carryforwards	$	92,727	$	5,108
Property and equipment		1,104		-
Exploration and evaluation assets		5,805		
Unrecognized deductible temporary differences	$	99,635	$	5,108

The Company has non-capital loss carryforwards in Canada of approximately $1,412,231 (2016: $627,111) which may be carried forward to apply against future income for Canadian tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2030	$	39,130
2031		94,715
2032		105,194
2033		121,601
2034		67,997
2035		86,117
2036		68,286
2037		829,191
	$	1,412,231

The Company has net capital loss carryforwards in Canada of approximately $12,500 (2016: $nil) which may be carried forward indefinitely to apply against future capital gains for Canadian tax purposes, subject to the final determination by taxation authorities.

As at August 31, 2017, the Company has net operating loss carryforwards in the US of approximately $92,727 (2016: $4,890), which may be carried forward to apply against future year income tax for US tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2036	$	4,890
2037		87,837
	$	92,727

12. COMMITMENTS

See Note 4.

13. SUBSEQUENT EVENTS

None