YELLOWHEAD MINING INC.
Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF YELLOWHEAD MINING INC.

We have audited the accompanying consolidated financial statements of Yellowhead Mining Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of 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 consolidated 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 Yellowhead Mining Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

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March 22, 2018

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YELLOWHEAD MINING INC.

Consolidated Statements of Financial Position

(In Canadian dollars)

	NOTES	As at December 31, 2017	As at December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	17	**$ 63,983**	$ 617,672
GST receivable		**7,973**	4,468
Prepaid expenses and deposits	13	**-**	13,335
		71,956	635,475
Non-current assets			
Property, plant and equipment	11	**2,222,729**	2,222,729
Mineral interests	12	**885,235**	885,235
Reclamation bond	12	**85,000**	85,000
		3,192,964	3,192,964
TOTAL ASSETS		**$ 3,264,920**	$ 3,828,439
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 495,891**	$ 21,006
Due to related parties	14	**8,815**	3,197
		504,706	24,203
EQUITY			
Share capital	15	**59,793,013**	59,793,013
Equity reserves		**5,338,599**	5,338,599
Accumulated deficit		**(62,371,398)**	(61,327,376)
		2,760,214	3,804,236
TOTAL LIABILITIES AND EQUITY		**$ 3,264,920**	$ 3,828,439

NOTE 1: NATURE OF OPERATIONS AND GOING CONCERN

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Glen Swail" — DIRECTOR

"Ryan Jennings" — DIRECTOR

YELLOWHEAD MINING INC.

Consolidated Statements of Comprehensive Loss

(In Canadian dollars)

	NOTES	Year ended ended December 31, 2017	2016
Administrative expenses			
Consulting fees		**$ 145,959**	$ -
Depreciation	11	**-**	32,632
Filing fees		**50,615**	37,635
Insurance		**37,928**	38,503
Office supplies and services		**23,862**	32,110
Professional fees	14	**192,959**	135,104
Rent		**(786)**	86,024
Share-based compensation	15	**-**	4,183
Travel and investor relations		**19,281**	12,522
Wages and benefits	14	**170,166**	265,492
		639,984	644,205
Exploration and evaluation expenses	8, 14	**455,926**	163,254
Other income			
Land lease		**(50,000)**	-
Interest income		**(1,888)**	(4,646)
Gain on write-off of accounts payable		-	(260,187)
Net loss and comprehensive loss		**$ 1,044,022**	$ 542,626
Loss per share			
Basic and diluted	10	**$ 0.101**	$ 0.053
Weighted average number of shares outstanding			
Basic and diluted, adjusted retrospectively for the 12 to 1 share consolidation	15	**10,313,088**	10,313,088

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

YELLOWHEAD MINING INC.
Consolidated Statements of Changes in Equity
(In Canadian dollars)

	NOTES	Number of shares	Share capital	Equity reserves	Accumulated deficit	Total
Balances as at January 1, 2017		**10,313,088**	**$ 59,793,013**	**$ 5,338,599**	**$(61,327,376)**	**$ 3,804,236**
Net loss and comprehensive loss for the year		**-**	**-**	**-**	**(1,044,022)**	**(1,044,022)**
Balances as at December 31, 2017	**15**	**10,313,088**	**59,793,013**	**5,338,599**	**(62,371,398)**	**2,760,214**
Balances as at January 1, 2016		10,313,088	$ 59,793,013	$ 5,334,416	$ (60,784,750)	$ 4,342,679
Share-based compensation		-	-	4,183	.	4,183
Net loss and comprehensive loss for the year		-	-	-	(542,626)	(542,626)
Balances as at December 31, 2016	15	10,313,088	$ 59,793,013	$ 5,338,599	$ (61,327,376)	$ 3,804,236

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

YELLOWHEAD MINING INC.
Consolidated Statements of Cash Flows
(In Canadian dollars)

	NOTES	Year ended December 31, 2017	Year ended December 31, 2016
Operating activities			
Net loss for the year		**$ (1,044,022)**	$ (542,626)
Items not involving cash:			
Share-based compensation	15	**-**	4,183
Depreciation	11	**-**	32,632
Gain on write off of accounts payable		**-**	(260,187)
Changes in non-cash working capital			
Accounts receivable		**-**	3,802
GST receivable		**(3,505)**	470
Prepaid expenses and deposits		**13,335**	89,757
Accounts payable and accrued liabilities		**474,885**	(12,947)
Due to related parties		**5,618**	3,197
Cash used in operating activities		**(553,689)**	(681,719)
Net decrease in cash and cash equivalents		**(553,689)**	**(681,719)**
Cash and cash equivalents, beginning of year		**617,672**	1,299,391
Cash and cash equivalents, end of year		**$ 63,983**	$ 617,672

Supplemental cash flow information 17

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Yellowhead Mining Inc. ("Yellowhead" or the "Company") was incorporated on August 23, 2005 under the laws of British Columbia and is a development stage company engaged principally in the acquisition, exploration and development of mineral properties.

The Company's head office is located at 525 8th Avenue SW, Suite 4900, Calgary, Alberta, T2P 1G1 and its registered and records office is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Several events and conditions cast significant doubt on the validity of this assumption. During the year ended December 31, 2017, the Company incurred a loss of $1,044,022 (December 31, 2016 - $542,626) and as at December 31, 2017, the Company had a working capital deficit of $432,750 (December 31, 2016 – working capital of $611,272). The Company has initiated an equity funding with expected net proceeds of approximately $1,000,000 and a completion date of late April 2018. These funds will provide sufficient working capital for care and maintenance for the next 12-months however; additional funding will be required by the Company to complete its strategic objective of developing the Project.

On September 15, 2016 the Company was informed that the Toronto Stock Exchange (TSX) was reviewing the common shares of the Company with respect to meeting the continued listing requirement of incurring a minimum of $350,000 in expenditures on its mineral projects during the past year. On January 12, 2017 the TSX informed the Company that its common share would be delisted in early February, and on February 10, 2017, the Company made an application to the TSX Venture Exchange (TSX-V) to list its common shares on the TSX-V, as a result of the Company not being in compliance with the continuous listing requirements of the TSX and the TSX notifying the Company that its common shares would be delisted from the TSX on March 10, 2017, which was subsequently delayed until March 24, 2017. On March 24, 2017 the Company's common shares were listed on the TSX-V.

At the present time, the Board of Directors of the Company intends to keep the Harper Creek Project on care and maintenance for the foreseeable future, including through the balance of 2018, until such time as more favorable First Nation support, commodity prices and capital markets exist that would permit the development of the Harper Creek Project to continue.

The Company's ability to continue as a going concern is dependent upon receipt of all required permits, establishment of profitable operations and the Company's ability to obtain additional financing or outside participation to undertake further exploration and subsequent development of its mineral interests. While the Company has been successful in obtaining its required funding in the past, there is no assurance that sufficient funds will be available to the Company in the future. Given the decision to keep the mine on care and maintenance for the foreseeable future, including 2018, until such time as more favourable First Nation support, commodity prices and capital markets exist that would permit the development of the mine to continue, there is no certainty that additional financing at terms that are acceptable to the Company will be available and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

The Company's investments in mineral interests comprise a substantially all of the Company's activities. Realization of the Company's investment in these properties is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production, or from the proceeds of their disposal. The recoverability of the amounts shown for mineral interests and property, plant and equipment is dependent upon the existence of economically recoverable reserves, the ability of the Company to permit the properties, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future production or proceeds from the disposition thereof.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been 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 March 22, 2018.

(b) Basis of presentation

These consolidated financial statements are expressed in Canadian Dollars, the Company and its subsidiary's functional currency, and have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Harper Creek Mining Corporation ("Harper Creek") based in British Columbia, Canada. All intercompany balances and transactions have been eliminated. Control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Share-based compensation

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity settled awards, the fair value is charged to the consolidated statement of comprehensive loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. The fair value is determined by using the Black-Scholes option pricing model. At each statement of financial position date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the consolidated statement of comprehensive loss with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest.

(c) Interest income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(d) Taxes

Current tax
Current tax for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the statement of financial position date, and includes adjustments to tax payable or recoverable in respect of previous years.

Deferred tax
Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or in respect of taxable temporary differences associated with investments in subsidiaries and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Any carrying amount of deferred income tax assets is reviewed at each statement of financial position date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset 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.

Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

(e) Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income/(loss) ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. For all periods covered by these consolidated financial statements, comprehensive loss and net loss are the same.

(f) Share capital

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flow-through shares

Issuance of flow-through shares represents an issue of common shares and the sale of right to tax deductions to the investors when the flow-through shares are issued. The sale of the right to tax deductions is deferred and presented as a liability in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and liability using the residual method which means that the shares are valued at the fair value of existing shares at the time of issuance and the residual proceeds are allocated to a liability. Thereafter, as qualifying resource expenditures are incurred, these costs are expensed to exploration expense and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

Equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced or issued, and any excess is allocated to warrants.

(g) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period if dilutive. The treasury stock method is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares of the Company at the average market price during the period. The effect is to increase the number of shares used to calculate diluted earnings per share. In addition, for the purpose of calculating the weighted average, the number of common shares outstanding before the issue of bonus shares is adjusted for the proportionate change in the number of common shares outstanding as if the issue had occurred at the beginning of the earliest period presented.

(h) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, bank balances, deposits held at call and certificates of deposits, money market instruments, including cashable guaranteed investment certificates with an original term to maturity of three months or less at date of purchase, and are carried at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment ("PPE")

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE includes its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Depreciation is provided at rates calculated to write-off the cost of PPE, less their estimated residual value, using the straight-line method or unit-of-production method over their expected useful lives as follows:

- Field camp equipment – 5 years straight-line basis;
- Furniture and fixtures – 5 years straight-line basis;
- Computer equipment and software – 3 years straight-line basis;
- Construction in progress – see below; and
- Mining properties – unit-of-production basis based on reserves.

Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of PPE when completed and ready for its intended use at which time depreciation begins based on the appropriate category of PPE.

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal, determined as the difference between the net disposal proceeds and the carrying value of the asset, is recognized in the consolidated statement of comprehensive loss.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

(j) Mineral interests

Mineral interests include the purchase price of mineral properties and any costs incurred for mineral properties not classified as exploration and evaluation expenses. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral interests for that project are capitalized as mining properties, a component of PPE.

Stripping costs
Stripping costs (also referred to as costs of removing overburden) incurred during the development of a mine are capitalized into PPE. Stripping costs incurred during the commercial production phase are variable production costs that are included in the costs of inventory produced during the period that the stripping costs are incurred, unless the stripping activity can be shown to give rise to future benefits from the mineral property, in which case the stripping costs would be capitalized into PPE.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future benefits arise when stripping activity increases the future output of the mine by providing access to a new ore body that the previously deferred stripping costs in an area did not give access to. When stripping activities give rise to a future economic benefit, the costs associated with these activities are capitalized into PPE. Capitalized stripping costs are depleted on a unit-of-production basis, using the estimated reserves of the ore body that becomes more accessible as a result of the stripping activity.

(k) Exploration and evaluation expenses

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- activities in relation to environmental assessment;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interests.

(l) Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and mineral assets under PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability (also referred to as an asset retirement obligation) is recognized as its present value in the period in which it is incurred. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provision is reviewed on an annual basis for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is amortized prospectively.

(m) Financial instruments

Financial assets
All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

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

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

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

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 cost using the effective interest method. The effective interest 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 exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as held-for-trading unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. At the end of each reporting period subsequent to initial recognition, financial liabilities classified as FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

(n) Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

(p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

(q) Critical accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant areas of judgments made by management are as follows:

Impairment of property, plant and equipment and mineral interests
Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property, plant and equipment and mineral interests. External sources of information considered are changes in the Company's economic, legal and regulatory environment that it does not control, but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

If any indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As at December 31, 2017 and 2016, the Company believes there were no indications of impairment for the carrying value of its property, plant and equipment and mineral interests.

Taxation
The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the statement of financial position.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. The application of income tax legislation also requires judgments. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized.

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Determination of functional currency
The Company applies judgement in assessing the functional currency of each entity consolidated in these financial statements. The functional currency of the Company and its subsidiary is measured using currency of the primary economic environment in which that entity operates.

Estimated reserves, resources and exploration potential
Reserves are estimates of the amount of product that can be extracted from the Company's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates. Estimating the quantity and/or grade of reserves require the analysis of drilling samples and other geological data. Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Company's financial position.

Fair value of share-based compensation
The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity settled awards, the fair value is charged to the consolidated statement of comprehensive loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair value of the equity-settled awards is determined at the date of the grant using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price, expected volatility and expected life of the options. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Depreciation rates and useful life for PPE
Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write-off the cost of PPE, less their estimated residual value, using the straight-line method or unit-of-production method over their expected useful lives. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

4. CHANGES IN ACCOUNTING STANDARDS

The following new standards, amendments to standards and interpretations will become effective in future periods. Management is currently evaluating the impact that they will have on the future consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

4. CHANGES IN ACCOUNTING STANDARDS (Continued)

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Applicable to the Company's annual period beginning on January 1, 2018.

The Company does not expect the adoption of IFRS 9 to have a significant impact on its consolidated financial statements.

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Applicable to the Company's annual period beginning on January 1, 2019.

(In Canadian dollars)

5. FINANCIAL INSTRUMENTS

Designation and valuation of financial instruments

The Company has designated its cash and cash equivalents as financial assets at FVTPL, and accounts payable and accrued liabilities and due to related parties as other-financial-liabilities.

GST receivable is excluded from financial instruments as it arises from statutory requirements imposed by the Government of Canada.

The following table summarizes the designation of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the inputs used to determine the fair value are observable:

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of the short-term maturity of these financial instruments.

The Company's financial assets and liabilities are as follows:

	As at	
	December 31, 2017	**December 31, 2016**
Financial assets		
Fair value through profit and loss		
Cash and cash equivalents	**$63,983**	$617,672
Total financial assets	**$63,983**	$617,672
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	**$495,891**	$21,006
Due to related parties	**8,815**	3,197
Total financial liabilities	**$504,706**	$24,203

Financial Risk

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

5. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and cash equivalents; however, this is minimized as cash and cash equivalents are placed with major Canadian financial institutions with strong investment-grade ratings as determined by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they become due.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due. This is achieved by ensuring that no liabilities are incurred that the Company does not have the ability to discharge in 30 days or less. The Company also has policies in place that establish minimum working capital levels below which expenditures of the Company are reduced until the minimum working capital level is re-established. The Company has initiated an equity funding with expected net proceeds of approximately $1,000,000 and a completion date of late April 2018. These funds will provide sufficient working capital for care and maintenance for the next 12-months however; additional funding will be required by the Company to complete its strategic objective of developing the Project.

As at December 31, 2017 the Company had cash and cash equivalents of $63,983 (December 31, 2016 - $617,672) available to settle current liabilities of $504,706 (December 31, 2016 - $24,203). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risks consist of interest rate risk, foreign currency risk and other price risk.

Interest rate risk
The Company’s cash balance and cash equivalents are held in savings accounts and money market instruments, respectively. The savings account pays interest of approximately 0.90%.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Foreign currency risk
Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of the Company’s financial assets and the majority of the Company’s financial liabilities are denominated in Canadian Dollars and therefore the Company is not currently exposed to significant foreign currency risk.

5. FINANCIAL INSTRUMENTS (Continued)

Other price risk
Other price risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices other than from interest rate and foreign currency risk. The Company is not exposed to other price risk.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of Harper Creek mineral property and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

Without cash flow from operations, the Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The capital structure of the Company currently consists of common shares and stock options. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Company may issue new debt or new shares. Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to any externally imposed capital requirements.

The Company's investment policy is to hold its cash in high interest savings accounts and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, all held with major Canadian financial institutions.

7. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the exploration and development of the Harper Creek mineral property. The remainder of the Company's operations are part of its Corporate Office, which does not earn revenues or earns revenues that are only incidental to the activities of the entity, and therefore does not meet the definition of an operating segment.

Geographically the Company only operates in one jurisdiction, as both the Harper Creek operating segment and the Corporate Office are located in Canada.

(In Canadian dollars)

8. EXPLORATION AND EVALUATION EXPENSES

	Year ended December 31, 2017	Year ended December 31, 2016
Assaying	**$ 900**	$ 825
Contract wages	**36,324**	37,894
Environmental assessment	**328,290**	-
Equipment rental	**44,506**	42,794
Other	**45,906**	81,741
Exploration and maintenance expenses	**$ 455,926**	$ 163,254

9. INCOME TAXES

The reconciliation of income tax at Canadian statutory rates of 26% (2016 – 26%) with the reported taxes is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Net loss for year	**$ (1,044,022)**	$ (542,626)
Statutory income tax rate	**26.00%**	26.00%
Expected income tax recovery	**(271,446)**	(141,082)
Permanent differences	**-**	-
Items not deductible for tax	**-**	1,103
Change in timing differences	**(12,356)**	-
Under (over) provided in prior years	**12,617**	-
Unused tax losses and tax offsets not recognized	**271,185**	139,979
Total income tax	**$ -**	$ -

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	As at December 31, 2017	As at December 31, 2016
Non-capital losses	**$ 44,844,296**	$ 44,726,842
Mineral interests	**10,658,215**	9,732,657
Property, plant and equipment	**540,838**	540,838
Share issue costs	**25,915**	54,742
Cumulative eligible capital	**263,559**	263,559
Non-refundable income tax credits	**942,785**	942,785
Total	**$ 57,275,608**	$ 56,261,423

(In Canadian dollars)

9. INCOME TAXES (Continued)

The Company has non-capital losses that may be carried forward to apply against future years' income as follows:

Year of expiry	Amount
2026	$ 214,929
2027	763,888
2028	1,811,317
2029	763,318
2030	917,331
2031	9,330,102
2032	14,916,672
2033	4,687,753
2034	7,463,419
2035	2,703,163
2036	636,788
2037	635,616
Total non-capital loss carry forwards	**$ 44,844,296**

10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	As at	
	December 31, 2017	December 31, 2016
Net loss	$ 1,044,022	$ 542,626
Weighted average number of shares	10,313,088	10,313,088
Basic and diluted loss per share	$ 0.101	$ 0.053

All of the outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2017 and 2016.

(In Canadian dollars)

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software	Furniture and fixtures	Field camp equipment	Land	Total
Cost					
As at January 1, 2016	$ 63,812	$ 49,431	$ 437,157	$ 2,222,729	$ 2,773,129
Disposals	(63,812)	(49,431)	(437,157)	-	(550,400)
As at December 31, 2016	-	-	-	2,222,729	2,222,729
Accumulated depreciation					
As at January 1, 2016	54,024	35,051	428,693	-	517,768
Depreciation	9,788	14,380	8,464	-	32,632
Disposals	(63,812)	(49,431)	(437,157)	-	(550,400)
As at December 31, 2016	-	-	-	-	-
Net book value as at December 31, 2016 and 2017	**$ -**	**$ -**	**$ -**	**$ 2,222,729**	**$ 2,222,729**

12. MINERAL INTERESTS

The Company had mineral interests of $885,235 as at December 31, 2017 and 2016. The Company's mineral interests are in good standing through to November 3, 2024.

As per current legislation in relation with the Company's exploration permit the Company is required to lodge a reclamation bond with the Government of British Columbia. As at December 31, 2017 the reclamation bond lodged was $85,000 (December 31, 2016 - $85,000).

13. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits consist of the following amounts:

	As at	
	December 31, 2017	**December 31, 2016**
Prepaid insurance	**$ -**	$ 13,335
Total prepaid expenses and deposits	**$ -**	$ 13,335

14. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements are as follows:

- During the year ended December 31, 2017, the Company incurred project exploration expenses of $44,506 (December 31, 2016 – $42,794) to CME Consultants Inc., a contractor company controlled by a director of the Company's 100% owned subsidiary Harper Creek. These costs have been included in exploration and evaluation expenses. As at December 31, 2017, the balance owing to that company was $nil (December 31, 2016 - $nil).

14. RELATED PARTY TRANSACTIONS (Continued)

- During the year ended December 31, 2017, the Company incurred professional fees of \$34,565 (December 31, 2016 - \$24,875) for CFO services to David McGoey Professional Corporation, a company controlled by the CFO. These costs have been included in professional fees. As at December 31, 2017, the balance owing to that company was \$4,856 (December 31, 2016 - \$3,197).

- During the year ended December 31, 2017, the Company incurred director fees of \$27,500 (December 31, 2016 - \$nil) for Audit Committee Chairman services to 771120 Alberta Ltd, a company controlled by a director. These costs have been included in wages and benefits. As at December 31, 2017, the balance owing to that company was \$3,959 (December 31, 2016 - \$nil).

These transactions, occurring in the normal course of operations, are measured at the estimated fair value of the services provided or goods received.

15. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value

(b) Issued and outstanding

At the May 10, 2017 Annual General and Special Meeting, the shareholders passed a special resolution to approve the consolidation of the Company's issued and outstanding shares on a basis of up to 12 old common shares for 1 new common share, and further authorized the Company's directors to determine when and if to effect such consolidation.

On June 9, 2017 the Company consolidated 12 old shares for 1 new common share, and the share records were adjusted retrospectively.

Accordingly, at December 31, 2017 the Company had 10,313,088 common shares issued and outstanding (December 31, 2016 – 10,313,088).

(c) Stock options

The Company implemented a new stock option plan on May 6, 2015, whereby the Board of Directors of the Company may grant directors, officers, employees, and consultants stock options to acquire common shares of the Company. Under the stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider; not exceeding 2% of the issued and outstanding shares to any consultant) and any vesting period which, pursuant to the stock option plan can be determined and imposed by the Board of Directors. The plan provides for a rolling maximum and allows the Company to issue stock options up to a maximum of 10% of the Company's issued and outstanding common shares.

(In Canadian dollars)

15. SHARE CAPITAL (Continued)

The stock options were adjusted retrospectively for stock consolidation from 12 old shares to 1 new common share.

The movement in the Company's stock options was as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2015	210,417	$ 9.36
Expired in 2016	(104,167)	12.60
Outstanding, December 31, 2016	106,250	6.36
Expired in 2017	**(50,750)**	**9.43**
Outstanding, December 31, 2017	**55,500**	**$ 3.06**

The Company's outstanding and exercisable stock options as at December 31, 2017 are as follows:

		Outstanding		Exercisable	
Exercise price	**Expiry date**	**Number outstanding**	**Weighted average remaining life (years)**	**Number exercisable**	**Weighted average remaining life (years)**
$3.12	June 30, 2018	41,667	0.50	41,667	0.50
$2.88	July 3, 2018	13,833	0.50	13,833	0.50
		55,500	**0.50**	**55,500**	**0.50**

(In Canadian dollars)

15. SHARE CAPITAL (Continued)

The Company's outstanding and exercisable stock options as at December 31, 2016 are as follows:

		Outstanding		Exercisable	
Exercise price	**Expiry date**	**Number outstanding**	**Weighted average remaining life (years)**	**Number exercisable**	**Weighted average remaining life (years)**
$2.88	January 28, 2017	3,750	0.08	3,750	0.08
$7.20	January 28, 2017	2,500	0.08	2,500	0.08
$1.26	January 28, 2017	5,417	0.08	5,417	0.08
$15.00	April 18, 2017	21,875	0.30	21,875	0.30
$15.00	June 11,2017	1,042	0.44	1,042	0.44
$3.12	June 30,2018	41,666	1.50	41,666	1.50
$2.88	July 3,2018	30,000	1.50	30,000	1.50
		106,250	**1.09**	**106,250**	**1.09**

(d) Share-based compensation

During the years ended December 31, 2017 and December 31, 2016, the Company did not grant any stock options.

During the year ended December 31, 2017, the Company recorded share-based compensation of $nil related to the vesting of options granted in previous periods (December 31, 2016 - $4,183).

16. KEY MANAGEMENT COMPENSATION

The remuneration of the chief executive officer, chief financial officer, and directors, being those persons having authority and responsibility for planning, directing, and controlling activities of the Company, are as follows:

	As at	
	December 31, 2017	**December 31, 2016**
Short term benefits (1)	**$ 203,300**	$ 210,794
Share-based compensation (2)	**-**	4,183
Total Remuneration	**$ 203,300**	$ 214,977

(1) Short term benefits include wages and director fees.
(2) The Black-Scholes option pricing model was used to calculate the fair value of the stock options (Note 15).

(In Canadian dollars)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	As at	
Supplementary Information	**December 31, 2017**	**December 31, 2016**
Interest received	**$ 1,888**	$ 4,646

	As at	
Cash and cash equivalents	**December 31, 2017**	**December 31, 2016**
Cash	**$ 63,983**	$ 4,522
Short term money market investments	**-**	613,150
Total cash and cash equivalents	**$ 63,983**	$ 617,672

18. COMMITMENTS and CONTINGENCIES

As at December 31, 2017 and 2016, the Company had no contractual expense commitments. Effective October 1, 2017, the Company has a land lease commitment to September 30, 2018 to rent out a small portion of its Vavenby land for annualize lease revenue of $200,000. The one-year lease term has two options to renew the term of the lease to a further six months per option. Included in the statement of comprehensive loss is $50,000 (2016- $nil) in land lease revenue. Included in accounts payable and accrued liabilities is $16,667 (2016- $nil) of deferred lease revenue related to this land lease commitment.

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these contingency matters will not have a material effect on the consolidated financial statements of the Company.