OSPREY GOLD DEVELOPMENT LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the nine months ended August 31, 2017

Unaudited – Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Osprey Gold Development Ltd.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
Unaudited – Prepared by Management
In Canadian Dollars

	Note	May 31, 2017	November 30, 2016
ASSETS			
Current			
Cash		$ 958,879	$ 15,756
Prepaids		22,102	1,228
GST recoverable		44,299	184
		1,025,280	17,168
Mineral Property Interests	5	1,944,878	13,521
		$ 2,970,158	$ 30,689
LIABILITIES AND SHARE HOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 341,664	$ 37,670
Shareholders' equity			
Share Capital	6	4,675,784	767,625
Shares issuable	6	35,000	-
Subscriptions receivable	6	(10,000)	-
Reserves	6	688,466	260,749
Deficit		(2,760,756)	(1,035,355)
		2,628,494	(6,981)
		$ 2,970,158	$ 30,689

Nature of Operations and Going Concern *(Note 1)*
Subsequent Event *(Note 11)*

Approved and authorized by the Board on October 30, 2017.

"Adrian Fleming" Director — Adrian Fleming

"Jeffrey Wilson" Director — Jeffrey Wilson

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

Osprey Gold Development Ltd.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Three and Nine Months ended August 31, 2017 and 2016

Unaudited – Prepared by Management

In Canadian Dollars

	Note	Three Months Ended August 31, 2017	Three Months Ended August 31, 2016	Nine Months Ended August 31, 2017	Nine Months Ended August 31, 2016
Expenses					
Audit and accounting		$ -	$ 2,300	$ 9,650	$ 4,200
Consulting	8	51,000	-	124,500	-
Exploration and evaluation costs	5	343,203	-	405,783	54,953
Investor relations and marketing		483,060	-	642,751	-
Legal		35,046	212	115,086	3,945
Office and administration		24,603	6	44,519	2,534
Property investigation costs		-	-	780	-
Share-based compensation	6	-	-	325,489	-
Transfer agent and filing fees		22,702	825	44,272	9,888
Write off of mineral property	5	13,521	-	13,521	-
Net Loss for the Period		$ 973,135	$ 3,343	$ 1,726,351	$ 75,520
Other comprehensive gain or loss					
Foreign exchange gain		(515)	-	(950)	-
Comprehensive Loss for the Period		$ 972,620	$ 3,343	$ 1,725,401	$ 75,520
Loss per share – basic and diluted		$ 0.04	$ 0.00	$ 0.08	$ 0.01
Weighted average number of common shares outstanding		26,495,594	13,292,333	22,008,756	13,202,529

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

Osprey Gold Development Ltd.
(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

For the Nine Months Ended August 31

Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):		**2017**		**2016**
Operating activities:				
Net loss for the period	$	(1,725,401)	$	(75,520)
Items not affecting cash:				
Share-based compensation		325,489		-
Write off of mineral property		13,521		
Change in non-cash working capital:				
GST recoverable		(44,115)		(110)
Prepaid expenses		(20,874)		-
Accounts payable and accrued liabilities		294,039		(9,690)
		(1,157,341)		(85,320)
Investing activities:				
Acquisition of Crosby		105,677		-
Mineral property interests		(20,000)		-
		85,677		-
Financing activities:				
Proceeds from issuance of shares (Note 6)		2,165,500		50,400
Share issue costs paid		(150,713)		(1,052)
		2,014,787		49,348
Net decrease in cash		943,123		(35,972)
Cash – beginning of period		15,756		58,721
Cash – end of period	$	958,879	$	22,749

Supplemental cash flow information:		**2017**		**2016**
Issuance of finders' warrants	$	102,228	$	-
Shares issuable on mineral property	$	35,000	$	-
Interest paid in cash during the period	$	-	$	-
Income taxes paid in cash during the period	$	-	$	-

See Accompanying Notes to the Condensed Interim Consolidated financial Statements

Osprey Gold Development Ltd.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

In Canadian Dollars

	Share Capital				Reserves			
	Shares	Amount $	Shares Issuable $	Subscriptions Receivable $	Share Option Reserves $	Warrant And Other Reserves $	Deficit $	Total $
Balance, November 30, 2015	12,788,333	718,277	-	-	130,027	130,722	(918,336)	60,690
Private placement	504,000	50,400	-	-	-	-	-	50,400
Share issue costs	-	(1,052)	-	-	-	-	-	(1,052)
Net loss for the period	-	-	-	-	-	-	(75,520)	(75,520)
Balance, August 31, 2016	13,292,333	767,625	-	-	130,027	130,722	(993,856)	34,518
Net loss for the period	-	-	-	-	-	-	(41,499)	(41,499)
Balance, November 30, 2016	13,292,333	767,625	-	-	130,027	130,722	(1,035,355)	(6,981)
Private placement	8,702,000	2,175,500	-	(10,000)	-	-	-	2,165,500
Acquisition of Crosby	5,840,000	1,985,600	-	-				1,985,600
Issuable on mineral property	-	-	35,000	-	-	-	-	35,000
Share issue costs	-	(252,941)	-	-	-	102,228	-	(150,713)
Share-based compensation	-	-	-	-	325,489	-	-	325,489
Net loss for the period	-	-	-	-	-	-	(1,725,401)	(1,725,401)
Balance, August 31, 2017	27,834,333	4,675,784	35,000	(10,000)	455,516	232,950	(2,760,756)	2,628,494

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

1. Nature of Operations and Going Concern

Osprey Gold Development Ltd. ("the Company" or "Osprey") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 8, 2010 under the name Gonzaga Resources Ltd. The Company changed its name to Osprey Gold Development Ltd., on February 24, 2017 and began trading under the symbol "OS" on the Toronto Stock Exchange's Venture Exchange. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company's registered address is: Suite 420 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At August 31, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $2,760,756 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of consolidation and presentation

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ended November 30, 2016.

2. Basis of Presentation – *Continued*

b) Basis of consolidation and presentation – *Continued*

These condensed consolidated interim consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary Crosby Ltd. The financial statements of Crosby Ltd. are in included in the condensed interim consolidated financial statements from the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

c) Critical accounting judgments and estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of mineral property; provision for environmental rehabilitation; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

Judgments:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

2. Basis of Presentation – *Continued*

d) Critical Accounting Judgments and Estimates – *Continued*

Judgments – *Continued*

Going Concern

The assumption that the Company is a going concern and will continue into the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the financial statements is included going concern assessment (Note 1).

3. Recent Accounting Pronouncements

Recent Accounting Pronouncements not yet applied

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, IASB completed the final version of the Standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact from this amendment.

IFRS 16, *Leases,* addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, Leases. The guidance requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact from this guidance.

4. Acquisition of Crosby Ltd.

On March 2, 2017, pursuant to the terms of a Share Exchange Agreement, the Company acquired 100% of the issued and outstanding shares of Crosby Ltd. ("Crosby") by issuing 5,840,000 common shares, valued at $1,985,600, to Crosby's shareholders, on the basis of one common share of the Company for one common share of Crosby. Upon completion of the transaction, Crosby became a wholly owned subsidiary of the Company.

This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation.

In Canadian Dollars

4. Acquisition of Crosby Ltd. – *Continued*

The net assets of Crosby acquired are as follows:

	Crosby
Cash	$ 106,846
Accounts receivable	59,729
Exploration and evaluation asset – Goldenville Project	1,889,878
Accounts payable and accrued liabilities	(70,853)
Net assets	$ 1,985,600

5. Mineral Property Interests

Details of mineral property balances are as follows:

	August 31, 2017	November 30, 2016
Kennedy River Project, BC, Canada	$ -	$ 13,521
Goldenville Project, Nova Scotia, Canada	1,889,878	-
Caribou Project, Nova Scotia, Canada	55,000	-
Total	$ 1,944,878	$ 13,521

a) Kennedy River Project, BC, Canada

In April 2010, the Company staked two mineral claim blocks called the Kennedy River Project located near Port Alberni on Vancouver Island in British Columbia. On December 30, 2013, the mineral claim for Kennedy River North claim block lapsed, leaving 10 mineral tenures in good standing for Kennedy River South claim block.

In Canadian Dollars

5. Mineral Property Interests – *Continued*

a) Kennedy River Project, BC, Canada – *Continued*

Details of the cumulative exploration expenditures for the nine months ended August 31, 2017 and the year ended November 30, 2016 are as follows:

	August 31, 2017	November 30, 2016
Opening cumulative expenditures	$ 241,038	$ 186,085
Camp and general	-	2,453
Geological and geophysical	-	16,500
Mapping and interpretation	-	10,500
Technical reporting	-	25,500
Total expenditures for the period	-	54,953
Ending cumulative expenditures	$ 241,038	$ 241,038

During the period ended August 31, 2017, the Company determined that it would not be continuing development on the Kennedy River Project; accordingly, $13,521 in acquisition costs were written off during the period.

b) Goldenville Project, NS, Canada

On March 2, 2017, the Company acquired Crosby (Note 4), which holds an option to acquire a 100% interest in the Goldenville Gold Project located in Nova Scotia, along with three other gold properties in Nova Scotia.

Pursuant to the terms of the option agreement (“Goldenville Agreement”), dated October 14, 2016, in order to exercise the option and acquire the Goldenville Property, Crosby must make aggregate cash payments totaling $1,000,000 to 3302051 Nova Scotia Limited (the “Goldenville Optionor”) over a period of three years as follows:

- $150,000 in cash upon signing the Goldenville Agreement (paid);
- $250,000 in cash on or before the first anniversary of the Goldenville Agreement (paid subsequent to August 31, 2017);
- $250,000 in cash or common shares at Crosby’s discretion on or before the second anniversary of the Goldenville Agreement; and
- $350,000 in cash or common shares at Crosby’s discretion on or before the third anniversary of the Goldenville Agreement.

Under the terms of the Goldenville Agreement, Crosby has granted the Goldenville Optionor gross metal royalties payable upon commencement of commercial production of the optioned properties in the following amounts (collectively, the “Goldenville GMR”):

In Canadian Dollars

5. Mineral Property Interests – *Continued*

b) Goldenville Project, NS, Canada – *Continued*

- 2% payable on the Goldenville Property;
- 2% payable on the Lower Seal Harbour property;
- 1.5% on the Gold Lake property; and
- 1.5% on the Miller Lake property.

Crosby has the right to repurchase up to 75% of the GMR on the Goldenville and Lower Seal Harbour properties, and up to 50% of the GMR on the Gold Lake and Miller Lake properties for aggregate consideration of $1,725,000, payable in cash, or, upon agreement of Crosby and the Optionor, through the issuance of common shares of Crosby or Osprey at a price per share equal to fair market value, as determined by Crosby.

Details of the cumulative exploration expenditures for the nine months ended August 31, 2017 and the year ended November 30, 2016 are as follows:

	August 31, 2017	November 30, 2016
Opening cumulative expenditures	$ -	$ -
Camp and general	26,950	-
Community relations	800	-
Data digitization	23,599	-
Drilling	214,876	-
Equipment rental	2,845	-
Field supplies	3,587	-
Geochemical analyses	15,385	-
Geological and geophysical	80,663	-
Technical reporting	37,078	-
Total expenditures for the period	405,783	-
Ending cumulative expenditures	$ 405,783	$ -

c) Caribou Project, NS, Canada

On August 15, 2017, the Company, pursuant to a binding letter of intent dated June 26, 2017, entered into an option agreement (the “Caribou Agreement”) with John Logan Enterprises Ltd. (the “Caribou Optionor”), to acquire a 100% interest in the 16 contiguous mining claims hosting the past-producing Caribou Gold Project located in Nova Scotia.

Pursuant to the terms of the Caribou Agreement, dated August 15, 2017, in order to exercise the option and acquire the Caribou property, the Company must make aggregate cash payments totaling $900,000 to the Caribou Optionor over a period of three years as follows:

5. Mineral Property Interests – *Continued*

b) Caribou Project, NS, Canada – *Continued*

- $200,000 in cash ($20,000 paid, $180,000 paid subsequent to August 31, 2017) and 100,000 common shares (issued subsequent to August 31, 2017 valued at $35,000) upon signing the Caribou Agreement;
- $200,000 in cash and a minimum work expenditure commitment of $100,000 on or before the first anniversary of the Caribou Agreement;
- $200,000 in cash and an additional minimum work expenditure commitment of $100,000 on or before the second anniversary of the Caribou Agreement; and
- $300,000 in cash and an additional minimum work expenditure commitment of $100,000 on or before the third anniversary of the Caribou Agreement.

Under the terms of the Caribou Agreement, the Company has granted the Caribou Optionor a 3% net smelter return royalty (“NSR”) payable upon commencement of commercial production. The Company retains the right to repurchase up to 1% of the NSR for $500,000, and an additional 1% for an additional $750,000.

The Company did not incur any exploration expenditures on the Caribou property during the period ended August 31, 2017.

6. Shareholders’ Equity

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

a) Share Capital Transactions

On March 2, 2017, the Company issued an aggregate of 5,840,000 common shares, valued at $1,985,600, to acquire Crosby (Note 4).

On March 2, 2017, the Company closed a non-brokered private placement, issuing 7,200,000 units at a price of $0.25 per unit, for aggregate proceeds of $1,800,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.40 per share for a period of 18 months. The Company paid aggregate cash finders’ fees of $90,480 and issued 433,920 finders’ warrants in connection with the private placement. Each finders’ warrant entitles the holder to acquire one common share of the Company at $0.40 per share for 18 months. The finders’ warrants were measured at fair value using the Black-Scholes option pricing model on the date of the private placement with a risk-free interest rate of 0.77%, term of 18 months, volatility of 161.09% and dividend rate of 0%. The fair value of the warrants was determined to be $96,182. The Company also incurred other share issuance costs of $24,314.

In Canadian Dollars

6. Shareholders' Equity – *Continued*

a) Share Capital Transactions – *Continued*

On August 21 and August 23, 2017, the Company closed the first and second tranches, respectively, of a non-brokered private placement, issuing 1,502,000 units at a price of $0.25 per unit, for aggregate proceeds of $375,500. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.40 per share for a period of 18 months. The Company paid aggregate cash finders' fees of $13,800 and issued 55,200 finders' warrants in connection with the private placement. Each finders' warrant entitles the holder to acquire one common share of the Company at $0.40 per share for 18 months. The Finders' Warrants were measured at fair value using the Black-Scholes option pricing model on the date of the private placement with a risk-free interest rate of 1.23%, term of 18 months, volatility of 153.44% and dividend rate of 0%. The fair value of the warrants was determined to be $6,046. The Company also incurred other share issuance costs of $35,304.

b) Stock Options

The board of directors may grant incentive stock options to the Company's directors, officers, employees and consultants for the purchase of common shares in an aggregate amount of up to 10% of the Company's issued and outstanding common shares from time to time. The number of shares reserved for issuance to: i) any one optionee during any 12 month period shall not exceed 5% of the issued and outstanding shares, calculated at the date such options are granted; ii) any one optionee, who is a consultant, during any 12 month period shall not exceed 2% of the issued and outstanding shares, calculated at the date such options are granted; and iii) any employees and consultants who are engaged or employed in investor relations services during any 12 month period shall not exceed 2% of the issued and outstanding shares, calculated at the date such options are granted. The price of stock options granted is determined by the Board and the maximum term of stock options is ten years.

The vesting schedule for each option shall be specified at the time of grant; provided that if no vesting schedule is specified at the time of grant, the option shall vest immediately on the grant date. Options granted to optionees who provide investor relations services shall vest in stages over twelve months, with no more than one quarter of the options vesting over any three month period.

As at August 31, 2017 the following stock options were outstanding:

	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
Options	1,325,000	$ 0.30	1,325,000	January 25, 2022

In Canadian Dollars

6. Shareholders' Equity – *Continued*

b) Stock Options – *Continued*

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2016	-	$ 0.00
Granted	1,325,000	0.30
Balance, August 31, 2017	1,325,000	$ 0.30
Number of options currently exercisable as at August 31, 2017	1,325,000	$ 0.30

c) Warrants

As at August 31, 2017 the following warrants were outstanding:

	Number of Shares	Exercise Price	Number Exercisable	Expiry Date
Warrants	3,600,000	$ 0.40	3,600,000	September 2, 2018
	433,920	$ 0.40	433,920	September 2, 2018
	481,000	$ 0.40	481,000	February 21, 2019
	12,000	$ 0.40	12,000	February 21, 2019
	270,000	$ 0.40	270,000	February 23, 2019
	43,200	$ 0.40	43,200	February 23, 2019
	4,840,120		4,840,120	

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2016	-	$ -
Granted	4,840,120	0.40
Balance, August 31, 2017	4,840,120	$ 0.40

d) Share-based compensation

During the nine months ended August 31, 2017, the Company granted 1,325,000 stock options to directors, officers, employees and consultants with an estimated fair value of $325,489. The stock options vest immediately, with a four month hold for non-consultants. The stock options are exercisable at $0.30 until January 25, 2022.

In Canadian Dollars

6. Shareholders' Equity – *Continued*

d) Share-based compensation – *Continued*

During the nine months ended August 31, 2017, the Company recorded $325,489 in share-based compensation expense (August 31, 2016 - $Nil). The Company estimated a fair value of $325,489 for the 1,325,000 stock options granted in January 2017 using the following assumptions:

	Assumptions
Risk-free interest rate	1.17%
Expected dividend yield	0%
Expected stock price volatility	127.25%
Expected option life in years	5 years
Forfeiture rate	0%

7. Segmented Information

The Company has only one reportable operating segment, being mineral property exploration in Canada.

8. Key Management and Related Party Transactions

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management include executive and non-executive members of the Company's Board of Directors, and corporate officers. During the nine months ended August 31, 2017, Board members were not paid or accrued any compensation.

Included in consulting fees for the nine months ended August 31, 2017 are:

- $24,000 (2016 - $Nil) paid or accrued to Family Swing Holdings Inc., a company owned by the Chief Executive Officer;
- $72,500 (2016 - $Nil) paid or accrued to the President;
- $15,517 (2016 - $Nil) paid to a Red Fern Consulting Ltd., a company in which the Chief Financial Officer is an associate.
- $Nil (2016 - $3,250) paid to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the previous Chief Financial Officer of the Company.

Included in accounts payable and accrued liabilities at August 31, 2017 are $8,557 due to related parties.

9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

9. Capital Management – *Continued*

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements. There was no change in management's approach to capital management during nine months ended August 31, 2017.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

10. Financial Instruments

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	$	958,879
Financial liabilities measured at amortized cost	$	334,001

The Company accounts for its financial instruments as follows:

Cash	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of cash and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

10. Financial Instruments – *Continued*

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) **Credit Risk** – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's only credit risk relates to its cash balance, which is kept with a large Canadian bank and therefore is a negligible credit risk.

(ii) **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) **Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) **Commodity Price Risk** – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

11. Subsequent Event

Subsequent to August 31, 2017, the Company amended the Goldenville Agreement whereby the first anniversary payment of $250,000 would be paid in two installments of $125,000. The first installment was paid on October 16, 2017 and the second installment is due on December 12, 2017.