OSPREY GOLD
DEVELOPMENT LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the Year Ended November 30, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Osprey Gold Development Ltd.

We have audited the accompanying consolidated financial statements of Osprey Gold Development Ltd., which comprise the consolidated statements of financial position as at November 30, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) 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, these consolidated financial statements present fairly, in all material respects, the financial position of Osprey Gold Development Ltd. as at November 30, 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Osprey Gold Development Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 19, 2018

Osprey Gold Development Ltd.
(An Exploration Stage Company)
Statements of Financial Position
In Canadian Dollars

	Note	November 30, 2017	November 30, 2016
ASSETS			
Current			
Cash		$ 478,728	$ 15,756
Prepaid expenses		36,441	1,228
GST recoverable		7,130	184
		522,299	17,168
Mineral Property Interests	5	2,310,957	13,521
		$ 2,833,256	$ 30,689
LIABILITIES AND SHARE HOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 475,117	$ 37,670
Shareholders' equity			
Share Capital	6	4,192,844	767,625
Reserves	6	1,191,406	260,749
Deficit		(3,026,111)	(1,035,355)
		2,358,139	(6,981)
		$ 2,833,256	$ 30,689

Nature of Operations and Going Concern *(Note 1)*
Subsequent Event *(Note 12)*

Approved and authorized by the Board on March 15, 2018.

"Adrian Fleming" Director — Adrian Fleming

"Jeffrey Wilson" Director — Jeffrey Wilson

See Accompanying Notes to the Consolidated Financial Statements

Osprey Gold Development Ltd.
(An Exploration Stage Company)
Statements of Loss and Comprehensive Loss
For the Years Ended November 30
In Canadian Dollars

	Note		2017		2016
Expenses					
Audit and accounting		$	17,150	$	14,200
Consulting	8		175,500		-
Exploration and evaluation costs	5		587,288		54,953
Investor relations and marketing			703,021		-
Legal			57,173		33,478
Office and administration			58,236		2,967
Property investigation costs			780		-
Share-based compensation	6		325,489		-
Transfer agent and filing fees			54,332		11,421
Write off of mineral property	5		13,521		-
Net Loss for the year		$	1,992,490	$	117,019
Other comprehensive gain or loss					
Foreign exchange gain			(1,734)		-
Comprehensive Loss for the year		$	1,990,756	$	117,019
Loss per share – basic and diluted		$	0.08	$	0.01
Weighted average number of common shares outstanding			23,484,448		13,225,000

See Accompanying Notes to the Consolidated Financial Statements

Osprey Gold Development Ltd.
(An Exploration Stage Company)
Statements of Cash Flows
For the Year Ended November 30
In Canadian Dollars

Cash Provided By (Used In):	**2017**	**2016**
Operating activities:		
Net loss for the year	$ (1,990,756)	$ (117,019)
Items not affecting cash:		
Share-based compensation	325,489	-
Write off of mineral property	13,521	
Change in non-cash working capital:		
GST recoverable	(6,946)	(184)
Prepaid expenses	(35,213)	(1,228)
Accounts payable and accrued liabilities	427,492	26,118
	(1,266,413)	(92,313)
Investing activities:		
Cash acquired from Acquisition of Crosby Ltd.	105,677	-
Acquisition costs	(76,079)	-
Mineral property interests	(325,000)	-
	(295,402)	-
Financing activities:		
Proceeds from issuance of shares (Note 6)	2,175,500	50,400
Share issue costs paid	(150,713)	(1,052)
	2,024,787	49,348
Net change in cash	462,972	(42,965)
Cash – beginning of year	15,756	58,721
Cash – end of year	$ 478,728	$ 15,756

Supplemental cash flow information:	**2017**	**2016**
Issuance of finders' warrants	$ 86,269	$ -
Shares issued on mineral property	$ 20,000	$ -
Interest paid in cash during the year	$ -	$ -
Income taxes paid in cash during the year	$ -	$ -

See Accompanying Notes to the Consolidated Financial Statements

Osprey Gold Development Ltd.

(An Exploration Stage Company)

Statements of Changes in Shareholders' Equity (Deficiency)

In Canadian Dollars

	Share Capital		Reserves			
	Shares	Amount $	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)
Comprehensive loss for the year	-	-	-	-	(117,019)	(117,019)
Balance, November 30, 2017	13,292,333	767,625	130,027	130,722	(1,035,355)	(6,981)
Private placement	8,702,000	1,656,601	-	518,899	-	2,175,500
Acquisition of Crosby	5,840,000	1,985,600	-	-	-	1,985,600
Issuable on mineral property	100,000	20,000	-	-	-	20,000
Share issue costs	-	(236,982)	-	86,269	-	(150,713)
Share-based compensation	-	-	325,489	-	-	325,489
Comprehensive loss for the year	-	-	-	-	(1,990,756)	(1,990,756)
Balance, November 30, 2017	27,934,333	4,192,844	455,516	735,890	(3,026,111)	2,358,139

See Accompanying Notes to the 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 November 30, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $3,026,111 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 financial statements, including comparatives, have been prepared in accordance 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 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 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.

2. Basis of Presentation – *Continued*

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.

<u>Estimates:</u>

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.

<u>Judgments:</u>

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.

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. Significant Accounting Policies

a) **Cash**

The Company considers cash to include amounts held in banks. The Company places its cash with major financial institutions in Canada.

b) **Mineral Property**

i) Exploration and Evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mine under development. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development expenditure is net of the proceeds of the sale of metals from 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 a component of property, plant and equipment.

iii) Impairment

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, 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*

b) **Mineral Property** – *Continued*

iii) Impairment – *Continued*

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risks uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

c) **Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. Significant Accounting Policies – *Continued*

d) **Site Closure and Reclamation Provision**

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

The obligation is accreted over time for the change in their present value, with this accretion charge recognized as a finance expense in the statements of comprehensive loss. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in profit or loss.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

e) **Income Taxes**

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination or items recognized either in other comprehensive income or directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. Significant Accounting Policies – *Continued*

e) **Income Taxes** – *Continued*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) **Share Capital**

i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares at the date the shares were granted.

iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and common share purchase warrants. The fair value of common shares is based on the market close on the date the shares are issued. The fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

g) **Loss per Share**

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted and basic loss per share are the same because the effects of potential issuances of common shares under stock options and warrants would be anti-dilutive.

3. Significant Accounting Policies – *Continued*

h) **Comprehensive Income**

Comprehensive income includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self-sustaining foreign operations. During the year presented, the Company did not have any other comprehensive income components.

i) **Share-based payments**

From time to time, the Company grants options to directors, officers, employees and nonemployees to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. The fair value of the options on the grant date is determined using the Black-Scholes pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

j) **Financial instruments**

The Company accounts for its financial instruments as follows:

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

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash as loans and receivables.

3. Significant Accounting Policies – *Continued*

j) **Financial instruments** – *Continued*

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets at fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consist of accounts payable and accrued liabilities.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate.

3. Significant Accounting Policies – *Continued*

j) **Financial instruments** – *Continued*

Impairment of Financial Assets – Continued

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

k) **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:

3. Significant Accounting Policies – *Continued*

k) **Critical accounting judgments and estimates** – *Continued*

Judgments: – *Continued*

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.

Going Concern

The Company has incurred significant losses and has made the judgment that the Company is a going concern and will continue into the foreseeable future for at least one year. The factors considered by management are disclosed in Note 1.

l) **New, amended and future accounting pronouncements**

Standards and amendments issued but not yet effective for the year ended November 30, 2017, are as follows:

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.

In Canadian Dollars

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.

The net assets of Crosby acquired are as follows:

Purchase price	
Fair value of 5,840,000 common shares of Osprey	$ 1,985,600
Transaction costs	76,079
	2,061,679
Cash	106,846
Accounts receivable	59,729
Exploration and evaluation asset – Goldenville Project	1,965,957
Accounts payable and accrued liabilities	(70,853)
Net assets	$ 2,061,679

5. Mineral Property Interests

Details of mineral property balances are as follows:

	November 30, 2017	November 30, 2016
Kennedy River Project, BC, Canada	$ -	$ 13,521
Goldenville Project, Nova Scotia, Canada	2,090,957	-
Caribou Project, Nova Scotia, Canada	220,000	-
Total	$ 2,310,957	$ 13,521

a) Kennedy River Project, BC, Canada

In April 2010, the Company staked 10 mineral tenures known as the Kennedy River South claim block located near Port Alberni on Vancouver Island in British Columbia. During the year ended November 30, 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 year.

In Canadian Dollars

5. Mineral Property Interests – *Continued*

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

Details of the cumulative exploration expenditures for the years ended November 30, 2017 and 2016 are as follows:

	November 30, 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

b) Goldenville Project, NS, Canada

On March 2, 2017, the Company acquired Crosby (Note 4), which included exploration and evaluation assets of $1,965,957 from 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.

In order to complete the acquisition of the Goldenville Project, the Company must make additional payments totaling $850,000 to the optionor over a period of three years as follows:

- $250,000 in cash on or before October 14, 2017 ($125,000 paid, $125,000 paid subsequent to November 30, 2017);
- $250,000 in cash or common shares at the Company's discretion on or before October 14, 2018; and
- $350,000 in cash or common shares at the Company's discretion on or before October 14, 2019.

Under the terms of the option agreement, the Company has granted the optionor gross metal royalties ("GMR") payable upon commencement of commercial production of the optioned properties in the following amounts:

- 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.

In Canadian Dollars

5. Mineral Property Interests – *Continued*

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

The Company 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 the Company and the optionor, through the issuance of common shares of the Company at a price per share equal to fair market value.

Details of the cumulative exploration expenditures for the years ended November 30, 2017 and 2016 are as follows:

	November 30, 2017	November 30, 2016
Opening cumulative expenditures	$ -	$ -
Camp and general	41,835	-
Community relations	3,200	-
Data digitization	26,735	-
Drilling	290,209	-
Equipment rental	4,944	-
Field supplies	5,363	-
Geochemical analyses	59,423	-
Geological and geophysical	120,901	-
Technical reporting	34,678	-
Total expenditures for the year	587,288	-
Ending cumulative expenditures	$ 587,288	$ -

c) Caribou Project, NS, Canada

On August 15, 2017, the Company entered into an option agreement 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 agreement, the Company paid $200,000 and issued 100,000 common shares valued at $20,000 for total acquisition costs of $220,000 during the year ended November 30, 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:

- $200,000 in cash and a minimum work expenditure commitment of $100,000 on or before August 15, 2018;
- $200,000 in cash and an additional minimum work expenditure commitment of $100,000 on or before August 15, 2019; and
- $300,000 in cash and an additional minimum work expenditure commitment of $100,000 on or before August 15, 2020.

5. Mineral Property Interests – *Continued*

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

Under the terms of the option 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 year ended November 30, 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 361,920 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 $80,223. The Company also incurred other share issuance costs of $24,314.

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.

On January 18, 2016, the Company closed a private placement for gross proceeds of $50,400 through the issuance of 504,000 common shares at a price of $0.10 per share.

In Canadian Dollars

6. Shareholders' Equity – *Continued*

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 November 30, 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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2015	700,000	$ 0.15
Expired	(700,000)	0.15
Balance, November 30, 2016	-	$ 0.00
Granted	1,325,000	0.30
Balance, November 30, 2017	1,325,000	$ 0.30
Options exercisable, November 30, 2017	1,325,000	$ 0.30

In Canadian Dollars

6. Shareholders' Equity – *Continued*

c) Warrants

As at November 30, 2017 the following warrants were outstanding:

	Number of Shares		Exercise Price	Number Exercisable	Expiry Date
Warrants	3,961,920	$	0.40	3,961,920	September 2, 2018
	493,000	$	0.40	313,200	February 21, 2019
	313,200	$	0.40	493,000	February 23, 2019
	4,768,120			4,768,120	

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2015 and 2016	-	$ -
Granted	4,768,120	0.40
Balance, November 30, 2017	4,768,120	$ 0.40

During the year ended November 30, 2017, the Company issued a total of 417,120 (2016 – Nil) agent warrants in connection with private placements with an estimated fair value of $86,269 (2016 - $Nil). The Company estimated the fair value of the agent warrants issued using the Black-Scholes option pricing model with the following weighted average assumptions:

	2017	2016
Risk-free interest rate	0.83%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	160.08%	N/A
Expected option life in years	1.5 years	N/A
Forfeiture rate	0%	N/A

d) Share-based compensation

During the year ended November 30, 2017, the Company granted 1,325,000 (2016 – Nil) stock options to directors, officers, employees and consultants with an estimated fair value of $325,489 (2016 - $Nil). The stock options vested immediately, and are exercisable at $0.30 until January 25, 2022. The Company estimated the fair value of the stock options granted using the Black-Scholes option pricing model with the following weighed average assumptions:

	2017	2016
Risk-free interest rate	1.17%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	127.25%	N/A
Expected option life in years	5 years	N/A
Forfeiture rate	0%	N/A

In Canadian Dollars

7. Segmented Information

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

8. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss for the year	$ (1,992,490)	$ (117,019)
Expected income tax (recovery)	(518,000)	(30,000)
Share issuance costs	(39,000)	-
Change in statutory, foreign tax, foreign exchange rates and other	(14,000)	(4,000)
Change in unrecognized deductible temporary differences	571,000	34,000
Total income tax expense (recovery)	$ -	$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been re-measured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2017	Expiry Date Range	2016	Expiry Date Range
Exploration expenses	$ 949,000	No expiry	$ 192,000	No expiry
Share issuance costs	158,000	No expiry	-	-
Non-capital losses available for future periods	$ 1,951,000	2029 to 2037	$ 790,000	2029 to 2036

Tax attributes are subject to review, and potential adjustment by tax authorities.

9. 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 year ended November 30, 2017, Board members were not paid or accrued any compensation.

Included in consulting fees for the year ended November 30, 2017 are:

- $33,000 (2016 - $Nil) paid or accrued to Family Swing Holdings Inc., a company owned by the Chief Executive Officer;

In Canadian Dollars

9. Key Management and Related Party Transactions – *Continued*

- $104,000 (2016 - $Nil) paid or accrued to the President;
- $26,017 (2016 - $Nil) paid to a Red Fern Consulting Ltd., a company in which the Chief Financial Officer is an associate.
- $Nil (2016 - $5,750) paid to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the former Chief Financial Officer of the Company.

Included in accounts payable and accrued liabilities at November 30, 2017 are $19,455 due to related parties.

10. 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.

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 year ended November 30, 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.

11. Financial Instruments

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

Loans and receivables	$	485,858
Financial liabilities measured at amortized cost	$	475,117

The Company accounts for its financial instruments as follows:

Cash	Loans and receivables
GST Recoverable	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:

11. Financial Instruments – *Continued*

a) Fair Value of Financial Instruments – *Continued*

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.

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.

12. Subsequent Event

Subsequent to November 30, 2017, the Company completed a non-brokered private placement, issuing 17,922,499 units at a price of $0.075 per unit, for aggregate proceeds of $1,344,187. Each unit consists of one common share and one share purchase warrant; each warrant entitles the holder to purchase one additional common share at a price of $0.12 per share for a period of 24 months. The Company paid aggregate cash finders' fees of $69,887 and issued 931,822 finders' warrants in connection with the private placement. Each finders' warrant entitles the holder to acquire one common share of the Company at $0.12 per share for 24 months.