Golden Predator Mining Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

Grant Thornton

Independent auditor's report

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569

To the Shareholders of Golden Predator Mining Corp.

Opinion

We have audited the consolidated financial statements of Golden Predator Mining Corp. ("the Company, which comprise the consolidated statements of financial position as at December 31, 2018, and December 31, 2017 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $16,678,005 during the year ended December 31, 2018 and, as of that date, the Company's had a deficit of $71,859,992. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Grant Thornton

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert J. Riecken, CPA, CA.

Grant Thornton LLP

Vancouver, Canada
April 25, 2019

Chartered Professional Accountants

Golden Predator Mining Corp.

Consolidated Statements of Financial Position
December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	2018	2017
Assets			
Current assets			
Cash and cash equivalents		$ 690,855	$ 3,829,802
Marketable securities	3	215,120	496,453
Accounts receivable	4	341,530	188,737
Due from associate		3,360	3,243
Prepaid expenses and deposits		237,352	265,876
Inventories	5	908,145	744,333
		2,396,362	5,528,444
Reclamation bonds	6	673,183	673,183
Derivative asset	7	8,750	140,000
Investment in associate	8	1,648,343	1,747,251
Equipment	9	3,449,533	2,233,877
Mineral properties	10	4,376,055	6,661,813
		$ 12,552,226	**$ 16,984,568**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,699,448	$ 2,071,990
Finance lease obligation – current portion	12	175,238	-
		1,874,686	2,071,990
Non-current liabilities			
Finance lease obligation	12	33,923	-
		1,908,609	2,071,990
Shareholders' equity			
Share capital	14	74,878,584	63,516,726
Contributed surplus		7,625,025	6,577,839
Deficit		(71,859,992)	(55,181,987)
		10,643,617	14,912,578
		$ 12,552,226	**$ 16,984,568**

Nature of operations (Note 1)
Commitment (Note 21)
Subsequent events (Note 22)

See accompanying notes to these consolidated financial statements.

Approved by the board of directors:

"William Harris" Director

"Bradley Thiele" Director

Golden Predator Mining Corp.

Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	2018	2017
Expenses			
Exploration	15	$ 11,844,434	$ 14,687,531
General and administrative	16	3,554,847	4,225,455
Impairment of mineral properties	10	2,605,848	30,518
		(18,005,129)	(18,943,504)
Other items			
Settlement of flow-through share premium liability	13	1,658,228	1,015,512
Sales of gold coins and bars		571,273	-
Interest revenue		104,575	102,635
Change in inventory value		50,025	-
Foreign exchange gain (loss)		26,525	(24,213)
Gain on sale of equipment	9	20,595	-
Cost of gold sales		(594,254)	-
Gain (loss) on marketable securities	3	(250,524)	369,342
Unrealized gain (loss) on derivative asset	7	(131,250)	56,477
Unrealized loss from investment in associate	8	(98,908)	(202,749)
Interest expense on finance lease obligation	12	(29,161)	-
Gain on sale of mineral property	10	-	723,280
Loss on settlement of promissory note	11	-	(125,045)
Interest expense on promissory note	11	-	(174,535)
Net loss and comprehensive loss for the year		**$ (16,678,005)**	**$ (17,202,800)**
Basic and diluted loss per share		**$ (0.14)**	**$ (0.19)**
Weighted average number of common shares outstanding		**120,344,659**	**90,036,678**

See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.

Consolidated Statements of Cash Flows
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	2018	2017
Cash provided by (used in):			
Operating activities:			
Net loss		**$ (16,678,005)**	**$ (17,202,800)**
Adjustments for:			
Impairment of mineral properties	10	2,605,848	30,518
Stock-based compensation	14, 16	1,032,508	1,468,134
Depreciation		667,522	367,728
Loss (gain) on marketable securities	3	250,524	(369,342)
Unrealized loss (gain) on derivative asset	7	131,250	(56,477)
Unrealized loss from investment in associate	8	98,908	202,749
Settlement of flow-through share premium liabilities	13	(1,658,228)	(1,015,512)
Net change in non-cash working capital	17	(734,097)	(1,017,003)
Gain on sale of equipment	9	(20,595)	-
Gain on sale of mineral properties	10	-	(723,280)
Interest expense on promissory note	11	-	174,535
Loss on settlement of promissory note	11	-	125,045
		(14,304,365)	**(18,015,705)**
Financing activities:			
Proceeds of financings	14	8,383,264	17,250,633
Share issuance costs	14	(896,172)	(1,475,284)
Warrants exercised	14	5,291,630	1,600,048
Options exercised	14	188,175	533,437
Proceeds of finance lease	12	340,000	-
Repayment of finance lease net of interest accrual	12	(130,839)	-
Share repurchases	14	(25,133)	-
Repayment of promissory note	11	-	(3,446,389)
		13,150,925	**14,462,445**
Investing activities:			
Acquisition of capital assets	9	(1,830,744)	(1,138,826)
Acquisition of mineral properties	10	(227,090)	(614,034)
Proceeds from sale of equipment	9	41,518	-
Proceeds from sale of marketable securities	3	30,809	68,478
Option payment received	10		50,000
Issue of reclamation bonds	6	-	(218,020)
Purchase of investment	7	-	(175,000)
		(1,985,507)	**(2,027,402)**
Change in cash		**(3,138,947)**	**(5,580,662)**
Cash – beginning of year		**3,829,802**	**9,410,464**
Cash – end of year		**$ 690,855**	**$ 3,829,802**

Non-cash financing and investing activities (Note 17)
See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.

Consolidated Statements of Changes in Equity
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	**76,788,462**	**$ 45,839,782**	**$ 5,024,042**	**$ (37,979,187)**	**$ 12,884,637**
Private placements	10,295,950	17,250,633	-	-	17,250,633
Share issuance costs	-	(1,475,284)	-	-	(1,475,284)
Finders' warrants issued	-	(212,480)	212,480	-	-
Warrants exercised	5,017,548	1,600,048	-	-	1,600,048
Stock options exercised	1,786,250	858,839	(325,402)	-	533,437
Shares issued for property acquisition	485,000	432,300	-	-	432,300
Warrants issued for property acquisition	-	-	198,585	-	198,585
Flow-through share premium liabilities	-	(777,112)	-	-	(777,112)
Stock-based compensation	-	-	1,468,134	-	1,468,134
Net loss and comprehensive loss	-	-	-	(17,202,800)	(17,202,800)
Balance, December 31, 2017	**94,373,210**	**$ 63,516,726**	**$ 6,577,839**	**$ (55,181,987)**	**$ 14,912,578**
Private placements	9,212,378	8,383,264	-	-	8,383,264
Share issuance costs	-	(896,172)	-	-	(896,172)
Finders' warrants issued	-	(142,792)	142,792	-	-
Warrants exercised	26,323,000	5,291,630	-	-	5,291,630
Stock options exercised	647,500	341,289	(153,114)	-	188,175
Shares issued for property acquisition	100,000	68,000	-	-	68,000
Warrants issued for property acquisition	-	-	25,000	-	25,000
Flow-through share premium liabilities	-	(1,658,228)	-	-	(1,658,228)
Share repurchases	(100,000)	(25,133)	-	-	(25,133)
Stock-based compensation	-	-	1,032,508	-	1,032,508
Net loss and comprehensive loss	-	-	-	(16,678,005)	(16,678,005)
Balance, December 31, 2018	**130,556,088**	**$ 74,878,584**	**$ 7,625,025**	**$ (71,859,992)**	**$ 10,643,617**

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Predator Mining Corp. ("Golden Predator" or the "Company") was incorporated under the Business Corporations Act (Alberta) on April 29, 2008 and continued into British Columbia from the jurisdiction of Alberta on October 21, 2015. The Company's head office is located at Suite 250 – 200 Burrard Street, Vancouver, British Columbia. Golden Predator is in the business of acquiring and exploring mineral properties primarily in the Yukon, Canada.

These consolidated financial statements have been prepared using International Financial Accounting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company has no ongoing source of operating cash flow and operations to date have been funded primarily from the issue of share capital. At December 31, 2018, the Company had a deficit of $71,859,992 (2017 - $55,181,987) and incurred a net loss of $16,678,005 for the year (2017 - $17,202,800). At December 31, 2018 the Company had working capital of $521,676 (2017 - $3,456,454).

Management estimates that it currently does not have adequate working capital to fund all its planned activities for the next fiscal year. The Company's continued operations are dependent on its abilities to raise additional funding from loans or equity financings, from successfully processing its bulk sample, or through other arrangements. There is no assurance that future financing activities will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Golden Predator Exploration Ltd. and Yukon Mint Corporation.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed to or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Basis of presentation and measurement

These consolidated financial statements are based on IFRS, as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency as well as the functional currency of the Company's subsidiaries. The consolidated financial statements were authorized for issue by the board of directors on April 25, 2019.

c. Foreign currency translation

Transactions in currencies other than the Company's functional currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest- bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

e. Inventories

Inventories consist of refined gold bullion or coins and are valued at the lower of cost and net realizable value. Cost of inventories includes all costs of production or purchase and all costs of conversion and other costs incurred to bring the inventories to their present condition. Net realizable value represents the estimated selling price of inventory in the normal course of business less applicable selling expenses. If there is a subsequent increase in the value of inventory, the previous write-down to net realizable value is reversed up to the original cost.

f. Reclamation bonds

Reclamation bonds include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Investment in associate

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associate is increased or decreased to recognize the Company's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company. Unrealized gains and losses on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

h. Property, plant and equipment

Equipment is originally recorded at cost at the time of purchase and is subsequently measured at cost less accumulated depreciation and impairment. Costs include all costs required to bring the item into its intended use by the Company.

Costs incurred for major overhauls of existing equipment are capitalized and are subject to depreciation once they are commissioned. The costs of routine maintenance and repairs are expensed as incurred.

Equipment is amortized over the remaining useful life of the asset as follows:

Field equipment	4 - 5 years straight-line
Camp equipment	5 years straight-line
Computer equipment	30% declining balance
Camp	5 years straight-line
Capital leases	5 years straight-line
Vehicle	30% straight-line
Mill	5 years straight-line
Bridge	25 years straight-line
Leasehold	3 years straight-line

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

i. Leased assets

Assets held under leases which result in the Company receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalized at the lower of the fair value or the estimated present value of the minimum lease payments. The corresponding liability is recognized as a finance lease obligation. The interest element is allocated to accounting periods during the lease term to reflect the rate of interest on the remaining balance of the obligation. Operating lease assets are not capitalized, and operating lease payments are recognized as an expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Mineral properties

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Exploration and evaluation expenditures incurred during the exploration and evaluation phase are expensed as incurred and included in profit or loss. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of production.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of mineral property.

The company has no operational income; therefore, any incidental revenue earned in connection with exploration activities is credited against exploration expenses.

k. Provision for environmental reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future reclamation costs is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company has determined that it has no significant reclamation provision obligations at December 31, 2018.

l. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l. Impairment of tangible and intangible assets (cont'd)

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

m. Share-based compensation

The Company grants share-based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black-Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

n. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n. Income taxes (cont'd)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

o. Treasury shares

Own equity instruments (treasury shares) are deducted from equity when calculating the profit/loss per shares. No gain or loss is recognized in profit or loss on the purchase, sale, or cancellation of the Company's own equity instruments. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently re-issued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

p. Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under contributed surplus.

q. Flow-through shares

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes (the market price of the shares when the financing closed) is initially recognized as a liability. When the expenditures are incurred the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In periods of loss basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

s. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements. The following are key sources of estimation uncertainty and judgement.

Share-based compensation
The fair value of stock-based compensation is estimated using valuation techniques at the date of grant. Significant judgement is required to determine the most appropriate valuation model and in determining the inputs into the model, including the expected life of the options, volatility and interest rates.

Derivative asset
Our derivative asset is not traded in an active market and its fair value is estimated using valuation techniques. Significant judgement is required to determine the most appropriate valuation model and in determining the inputs into the model, including the expected life of the warrants, volatility and interest rates.

Investment in associate
Our investment in Taku Gold Corp. has been accounted for as an investment in an associate. Determining the appropriate accounting treatment to apply to interests in other entities requires significant judgment to determine the degree of control or significant influence the Company exercises over the investee.

Carrying value of mineral properties
The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

t. Recently adopted accounting policy – IFRS 9

The Company has adopted new accounting standard *IFRS 9 – Financial Instruments*, effective January 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces *IAS 39 – Financial Instruments: Recognition and Measurement*.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t. Recently adopted accounting policy – IFRS 9 (cont'd)

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss, fair value through other comprehensive income and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of *IAS 39*, except that fair value changes due to changes in an entity's own credit risk are recorded in other comprehensive income rather than in net earnings.

Previously classified as 'available-for-sale', the Company has changed the classification of its marketable securities portfolio to fair value through profit and loss under IFRS 9. Under the new classification, changes in fair value are immediately recognized in profit or loss as opposed to other comprehensive income. The change in accounting policy did not impact the Company's carrying value of any financial assets or liabilities.

The change in policy has been applied retrospectively with the restatement of comparative periods. The following table summarizes the changes made to the consolidated statements of financial position and consolidated statements of comprehensive loss as a result of the change in accounting policy.

	Previously Reported	Adjustment	Restated
Shareholders' Equity - December 31, 2016			
Accumulated other comprehensive income	$ 71,991	$ (71,991)	$ -
Deficit	(38,051,178)	71,991	(37,979,187)
Net impact on shareholders' equity		$ -	
Shareholders' Equity - December 31, 2017			
Accumulated other comprehensive income	$ 463,746	$ (463,746)	$ -
Deficit	(55,645,733)	463,746	(55,181,987)
Net impact on shareholders' equity		$ -	
Year ended December 31, 2017			
Other income (expense)			
Unrealized gain on marketable securities	$ -	$ 391,755	$ 391,755
Other Comprehensive income (loss)			
Reclassification to realized gain on sale of investments	22,413	(22,413)	-
Unrealized gain on available for sale investments	369,342	(369,342)	-
Net impact on net loss and comprehensive loss for the year		$ -	

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t. Recently adopted accounting policy – IFRS 9 (cont'd)

The following is the Company's revised policy for accounting for financial instruments:

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

The Company classifies and measures its financial instruments as follows:

i. *Non-derivative financial instruments*

Fair Value through Profit and Loss ("FVTPL")
Marketable securities are classified as FVTPL. They are initially recognized at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial instruments are included in profit or loss in the period in which they occur. Changes in fair value of the financial instrument associated with the Company's own credit risk will be recognized in other comprehensive income.

Amortized cost
Cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are classified as and measured at amortized cost using the effective interest rate method, adjusted for impairment losses, if any.

ii. Derivative financial instruments

Derivative instruments are classified as FVTPL. They are initially recognized at fair value and gains or losses in fair value are included in profit or loss in the period in which they occur. Embedded derivatives in financial liabilities measured at amortized cost are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. Embedded derivatives in financial assets are not separated from the host and the hybrid instruments are classified as a whole.

u. Recently adopted accounting policy – IFRS 15

The Company has adopted new accounting standard *IFRS 15 – Revenue from Contracts with Customers*, effective January 1, 2018. It replaces *IAS 18 – Revenue* and *IAS 11 – Construction Contracts*. The new standard establishes a single, principles-based model to be applied to all contracts with customers in determining how and when revenue is recognized. The new standard had no material effect on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u. Recently adopted accounting policy – IFRS 15 (cont'd)

As the Company is still in the exploration stage, it has no significant, ongoing sources of revenue. Beginning in 2018, incidental revenue is being generated from the sale of gold bars and coins through our Yukon Mint Corporation subsidiary. In accordance with IFRS 15, the Company recognizes revenue when the gold is shipped to the customer. Delivery of the gold is considered to be the only performance obligation and revenue is measured based on the consideration specified in the contract with the customer. Gold sales generated from bulk sampling activities continues to be credited against exploration expenses.

v. New accounting standards – IFRS 16

IFRS 16 - Leases will replace *IAS 17* and three related interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from periods beginning on or after January 1, 2019. The Company expects that the new standard will result in the recognition of additional right of use assets and liabilities at the transition date. The nature of the expenses related to these leases will change resulting in a depreciation charge for assets and interest expense instead of office rental expense. The Company is in the process of determining the impact of this standard on its consolidated financial statements.

3. MARKETABLE SECURITIES

Marketable securities consist of common shares in publicly traded companies.

Balance, December 31, 2016	**Notes**	**$ 386,612**
Shares acquired in private placement	7	91,476
Shares received for property sale or option payments	10	1,667,500
Transferred to investment in associate	8	(1,950,000)
Proceeds from sale of marketable securities		(68,477)
Increase in fair value of shares		369,342
Balance, December 31, 2017		**496,453**
Proceeds from sale of marketable securities		(30,809)
Decrease in market value of shares		(250,524)
Balance, December 31, 2018		**$ 215,120**

4. ACCOUNTS RECEIVABLE

As at December 31, 2018, accounts receivable consist of trade receivables of $216,783 (2017 - $nil), goods and services tax receivable of $118,719 (2017 - $183,294) and interest on guaranteed investment certificates of $6,028 (2017 - $5,443).

(Expressed in Canadian dollars)

5. INVENTORIES

As at December 31, 2018, inventories consist of 365 (2017 - 457) ounces of refined gold bullion, 29 (2017 - nil) ounces of gold bars and 124 (2017 - nil) ounces of gold coins.

6. RECLAMATION BONDS

As at December 31, 2018, the Company has posted bonds totaling $673,183 (2017 - $673,183) with a major Canadian financial institution as security for future reclamation costs.

7. DERIVATIVE ASSET

During the year ended December 31, 2017, the Company acquired 1,750,000 Units of Taku Gold Corp. ("Taku") in a private placement for $0.10 per Unit. Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.15 for a period of two years. The warrants are a derivative asset to the Company. The warrants were initially recorded based on their fair value. The warrants are subsequently remeasured at fair value at each reporting date, with changes in value recorded in profit or loss.

Initial cost base of Taku warrants	$	83,523
Fair value adjustment		56,477
Balance, December 31, 2017		**140,000**
Fair value adjustment		(131,250)
Balance, December 31, 2018	**$**	**8,750**

The fair value of the warrants is estimated using the Black-Scholes model, with the following assumptions:

	Purchase Date	**2017**	**2018**
Risk-free interest rate	1.13%	1.66%	1.85%
Expected life	2.00 years	1.51 years	0.51 years
Expected dividend yield	0%	0%	0%
Expected stock price volatility	237%	208%	158%

8. INVESTMENT IN ASSOCIATE

During the year ended December 31, 2017, the Company acquired a total of 9,750,000 shares of Taku Gold Corp. ("Taku") in three separate transactions:

I.	Participation in Taku private placement (Note 7)	1,750,000 shares
II.	Sale of none-core mineral properties to Taku (Note 10)	3,500,000 shares
III.	Option of Sonora Gulch property to Taku (Note 10)	4,500,000 shares

Upon completion of the third transaction on August 1, 2017, the Company held 24.47% of the issued and outstanding shares of Taku and the Company has determined that it exercises significant influence over Taku as of that date. As a result, the investment is now considered an investment in an associate and is accounted for using the equity method.

(Expressed in Canadian dollars)

8. INVESTMENT IN ASSOCIATE (CONT'D)

The following is a summary of Taku's financial information on a 100% basis as at December 31, 2018 and 2017. Taku's financial statements are prepared in accordance with IFRS and the amounts presented here have been adjusted to reflect fair value adjustments made at the time the Company obtained significant influence and for differences in accounting policies.

	2018	2017
Cash and cash equivalents	$ 254,247	$ 426,733
Total current assets	296,235	545,391
Total non-current assets	6,462,996	6,626,282
Total current liabilities and total liabilities	(23,053)	(31,293)
Net asset value	6,736,178	7,140,380
Carrying value of the investment in Taku (24.47% ownership)	$ 1,648,343	$ 1,747,251
Net loss and comprehensive loss (year ended December 31, 2018 and five months ended December 31, 2017)	$ (515,767)	$ (978,541)
Proportionate share of net loss and comprehensive loss (24.47% ownership)	$ (126,208)	$ (239,449)

The following table is a reconciliation of the carrying value of the investment in Taku:

Taku shares transferred from marketable securities	$ 1,950,000
Adjustments to carrying value:	
Proportionate share of net loss (five months ended December 31, 2017)	(239,449)
Adjustment for Taku's share-based compensation	36,700
Loss from investment in associate	(202,749)
Balance, December 31, 2017	**$ 1,747,251**
Adjustments to carrying value:	
Proportionate share of net loss (year ended December 31, 2018)	(126,208)
Adjustment for Taku's share-based compensation	27,300
Loss from investment in associate	(98,908)
Balance, December 31, 2018	**$ 1,648,343**

Taku is a mineral exploration company focused primarily on the Yukon, Canada. The fair market value of 9,750,000 shares of Taku at December 31, 2018 is $390,000 (2017 - $1,072,500). The Company is not exposed to any additional losses beyond its initial investment in Taku. No dividends or cash distributions were received from Taku during the year ended December 31, 2018 (2017 - $nil).

(Expressed in Canadian dollars)

9. EQUIPMENT

	Computer and software	Field equipment	Camp and camp equipment	Vehicles	Office equipment	Leasehold	Capital leases	Mill	Bridge	Total
Cost										
Balance – December 31, 2016	$ -	$ 792,404	$ 429,580	$ 212,075	$ 21,010	$ -	$ 42,350	$ 206,543	$ 477,610	$ 2,181,572
Additions	11,143	597,194	326,057	227,705	-	13,012	100,000	65,000	-	1,340,111
Balance – December 31, 2017	$ 11,143	$ 1,389,598	$ 755,637	$ 439,780	$ 21,010	$ 13,012	$ 142,350	$ 271,543	$ 477,610	$ 3,521,683
Additions	-	112,112	552,761	-	-	-	340,000	899,228	-	1,904,101
Disposals	-	-	(5,518)	-	-	-	-	(25,674)	-	(31,192)
Balance – December 31, 2018	$ 11,143	$ 1,501,710	$1,302,880	$ 439,780	$ 21,010	$ 13,012	$ 482,350	$1,145,097	$ 477,610	$ 5,394,592
Accumulated Depreciation										
Balance – December 31, 2016	$ -	$ 359,801	$ 375,290	$ 92,568	$ 19,862	$ -	$ 42,350	$ 20,654	$ 9,553	$ 920,078
Depreciation	1,671	155,317	44,670	85,840	1,148	2,168	10,000	47,809	19,105	367,728
Balance – December 31, 2017	$ 1,671	$ 515,118	$ 419,960	$ 178,408	$ 21,010	$ 2,168	$ 52,350	$ 68,463	$ 28,658	$ 1,287,806
Depreciation	2,842	224,926	132,003	107,769	-	4,338	34,000	142,539	19,105	667,522
Disposals	-	-	-	-	-	-	-	(10,269)	-	(10,269)
Balance – December 31, 2018	$ 4,513	$ 740,044	$ 551,963	$ 286,177	$ 21,010	$ 6,506	$ 86,350	$ 200,733	$ 47,763	$ 1,945,059
Net book value										
Balance – December 31, 2016	$ -	$ 432,603	$ 54,290	$ 119,507	$ 1,148	$ -	$ -	$ 185,889	$ 468,057	$ 1,261,494
Balance – December 31, 2017	$ 9,472	$ 874,480	$ 335,677	$ 261,372	$ -	$ 10,844	$ 90,000	$ 203,080	$ 448,952	$ 2,233,877
Balance – December 31, 2018	$ 6,630	$ 761,666	$ 750,917	$ 153,603	$ -	$ 6,506	$ 396,000	$ 944,364	$ 429,847	$ 3,449,533

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES

	3 Aces	Sprogge	Reef	Upper Hyland	Brewery Creek	Sonora Gulch	Marg	Grew Creek	Other	Total
Balance – December 31, 2016	$ 1,203,533	$ -	$ -	$ -	$ 1,313,032	$ 3,694,548	$ -	$ 200,000	$ 30,519	$ 6,441,632
Acquisition costs	6,271	-	4,279	-	-	-	2,265	-	1,719	14,534
Option payments - cash	45,000	114,500	400,000	30,000	-	-	-	-	10,000	599,500
Option payments - shares	-	207,000	159,000	66,300	-	-	-	-	-	432,300
Option payments - warrants	-	111,000	87,585	-	-	-	-	-	-	198,585
Property payments received	-	-	-	-	-	(900,000)	-	(82,500)	(11,720)	(994,220)
Impairment	-	-	-	-	-	-	-	-	(30,518)	(30,518)
Balance – December 31, 2017	$ 1,254,804	$ 432,500	$ 650,864	$ 96,300	$ 1,313,032	$ 2,794,548	$ 2,265	$ 117,500	$ -	$ 6,661,813
Acquisition costs	-	-	-	-	27,260	-	-	-	4,830	32,090
Option payments - cash	45,000	-	150,000	-	-	-	-	-	-	195,000
Option payments - shares	-	-	68,000	-	-	-	-	-	-	68,000
Option payments - warrants	-	-	25,000	-	-	-	-	-	-	25,000
Impairment	-	-	-	(96,300)	-	(2,509,548)	-	-	-	(2,605,848)
Balance – December 31, 2018	$ 1,299,804	$ 432,500	$ 893,864	$ -	$ 1,340,292	$ 285,000	$ 2,265	$ 117,500	$ 4,830	$ 4,376,055

10. MINERAL PROPERTIES (CONT'D)

3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the Net Smelter Returns ("NSR") royalties described below.

An annual advance royalty payment of $45,000 is payable until the commencement of commercial production. The vendor will retain a 2% NSR on the property. If a resource estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101, Standards of Disclosure for Mineral Projects), the vendor's NSR royalty will increase to 2.5% and the vendor will receive a bonus payment of $300,000 in cash or equivalent Golden Predator common shares. If a National Instrument 43-101 compliant resource estimate in excess of 1,000,000 ounces at a grade greater than 5 grams per tonne is defined on the property, the vendor's NSR royalty will increase to 3% and the vendor will receive an additional bonus payment of $300,000 in cash or equivalent Golden Predator shares. Each 1% of the NSR can be purchased by the Company for $2,000,000. The property is also subject to a 1.0% NSR to Till Capital.

Sprogge, Yukon

During the year ended December 31, 2017, the Company entered into property purchase agreements with each of Alexco Exploration Canada Corp. (Alexco) and Newmont Canada Corporation (Newmont) to acquire a 100% interest in the Sprogge claims located in the southeast Yukon, adjacent to 3 Aces Project claims. The terms of the purchase agreements include:

- Cash payments totaling $114,500 (completed);
- Issued 300,000 common shares (completed); and
- Issued 300,000 common share purchase warrants with an exercise price of $1.00 and a 37-month term (completed).

The Company also granted NSR royalties totaling 2.32% to Alexco and Newmont. The Company can buy back up to 0.85% of the royalties for $1,250,000.

Reef, Yukon

During the year ended December 31, 2017, the Company entered into a mineral property option agreement with Precipitate Gold Corp. ("Precipitate") pursuant to which the Company may acquire Precipitate's interest in certain mineral claims known as the Reef property (the "Reef Claims") located adjacent to the northern boundary of the 3 Aces Project in the Yukon Territory. Terms of the agreement include:

a) Cash payments totaling $1,050,00, as follows:
   - $400,000 on the closing date (completed);
   - $150,000 on February 9, 2018 (completed);
   - $200,000 on February 9, 2019; and
   - $300,000 on February 9, 2020.

b) Issuance of common shares as follows:
   - 100,000 on the closing date (completed);
   - 100,000 on February 9, 2018 (completed);

10. MINERAL PROPERTIES (CONT'D)

Reef, Yukon (cont'd)

- $300,000 worth of common shares on February 9, 2019*; and
- $300,000 worth of common shares on February 9, 2020*.

  * The price per share is based on the 21-day volume weighted average price ("VWAP") at the date of issuance and subject to a floor price equal to the minimum price permitted under TSX Venture Exchange ("TSXV") policies. The Company will compensate Precipitate in cash for any shortfall to $300,000 in value caused by the TSXV minimum price policies.

c) Issuance of common share purchase warrants as follows:
- 100,000 on the closing date ($1.59 exercise price with a 3-year term) (completed);
- 100,000 on February 9, 2018 ($2.00 exercise price with a 3-year term) (completed);
- 300,000 on February 9, 2019*; and
- 300,000 on February 9, 2020*.

  * These warrants will have a 3-year term and an exercise price of 150% of the 21-day VWAP at the date of issuance.

d) The Company granted to Precipitate a 2% NSR royalty on certain of the Reef Claims and a 1% NSR royalty on the remaining Reef Claims (the "Reef NSR"). The Company may repurchase 25% of the Reef NSR royalty, for $1,000,000, and a further 25% for $1,500,000.

Subsequent to the year ended December 31, 2018, the Company amended its option agreement on the Reef property. Under the revised agreement, the outstanding cash, share and warrant obligations above were cancelled and the Company acquired a 100% interest in the property by issuing Precipitate 950,000 common shares and 450,000 warrants with a four-year term and an exercise price of $0.40. The Company will also make a cash payment of $50,000 by June 30, 2019 to complete the option. The NSR from the original option agreement remains in place.

Upper Hyland, Yukon

During the year ended December 31, 2017, the Company entered into a mineral property purchase agreement with Bearing Lithium Ltd. ("Bearing") for the purchase of certain mineral claims located in the Upper Hyland River area in the southeast region of the Yukon Territory. The agreement was amended during the year ended December 31, 2018 to extend some of the payment terms. The updated terms of the agreement include:

a) Cash payments totaling $275,000, as follows:
- $10,000 on the execution date (completed);
- $20,000 on the September 28, 2017 (completed);
- $60,000 on February 23, 2019;
- $85,000 on August 23, 2019; and
- $100,000 on December 23, 2020.

10. MINERAL PROPERTIES (CONT'D)

Upper Hyland, Yukon (cont'd)

b) Issuance of common shares as follows:
- 35,000 upon TSXV approval of the transaction (completed);
- 50,000 September 28, 2017 (completed);
- $100,000 worth of common shares on February 23, 2019*;
- $250,000 worth of common shares on August 23, 2019*; and
- $250,000 worth of common shares on December 23, 2020*.

  * The price per share is based on the 21-day VWAP at the date of issuance and subject to a floor price equal to the minimum price permitted under TSXV policies.

c) The Company granted Bearing a 2% NSR royalty on certain of the claims and a 1% NSR royalty on the remaining claims (the "Bearing NSR"). The Company may repurchase 50% of the Bearing NSR for $1,000,000.

Subsequent to the year ended December 31, 2018, the Company elected to discontinue its interest in the Upper Hyland property. No additional option payments were made and the carrying value of the property was written off during the year ended December 31, 2018.

Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project. The Brewery Creek Project is subject to a 2% NSR royalty on the first 600,000 ounces of gold produced, following which the NSR royalty will increase to 2.75%. The Company has the right to repurchase 0.625% of the increased NSR royalty for $2,000,000 (which, if so acquired, would result in a 2.125% NSR). The property is also subject to a sliding scale royalty based on the price of gold on the first 21,000 ounces of production, as well as a 5% net profits royalty ("NPR") over a portion of the property.

An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation ("THFN") which took effect September 2012. As consideration for entering into the agreement, the Company paid $400,000 worth of common shares to the THFN in prior periods. Upon receipt of all required permits in respect of the portion of the mine site outside the existing permitted area, the Company will pay an additional sum of $300,000, payable in shares at a price equal to a 5-day VWAP. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating. The Company has also agreed to pay the THFN a 2.5% NSR on revenue from the mine site, excluding the existing permitted area.

Sonora Gulch, Yukon

The Company owns 100% of the Sonora Gulch property, subject to a 1% NSR royalty. The Company has the option and right to purchase 50% of the NSR royalty at any time for $1,000,000.

10. MINERAL PROPERTIES (CONT'D)

Sonora Gulch, Yukon (cont'd)

During the year ended December 31, 2017, the Company optioned the Sonora Gulch property to Taku Gold Corp. ("Taku"). In August 2018, the agreement was amended to extend some of the payment terms. Taku can earn a 100% interest in the Sonora Gulch property by issuing the Company an aggregate of 11,000,000 common shares as follows:

- 4,500,000 on the closing date (received);
- 3,500,000 on August 1, 2019
  (or that number of Taku common shares equal in value to $1,400,000 based on the 10-day volume weighted average price ("VWAP") of Taku's common shares immediately prior to the first anniversary date, if the VWAP is greater than $0.40); and
- 3,000,000 on August 1, 2020
  (or that number of Taku common shares equal in value to $1,200,000 based on the 10-day VWAP of Taku's common shares immediately prior to the second anniversary date, if the VWAP is greater than $0.40).

The initial tranche of 4,500,000 shares was valued at $900,000 and recorded as a reduction in the carrying value of the Sonora Gulch property.

Subsequent to the year ended December 31, 2018, the agreement with Taku was amended such that Taku acquired a 100% interest in the Sonora Gulch property by immediately issuing the Company a further 4,750,000 shares (eliminating the uncompleted tranches of the option agreement disclosed above). The Company retained a 1% NSR royalty on the Sonora Gulch property. The carrying value of the Sonora Gulch property was written down during the year ended to December 31, 2018 to reflect the proceeds to be received under the revised agreement.

Marg, Yukon

The Company owns a 100% interest in the Marg property, subject to a 1% NSR royalty to Till Capital.

In 2016, 100% of the property was provisionally purchased from the Company for consideration of $50,000 and 1,967,280 shares (received in escrow). During the year ended December 31, 2017, the purchaser was unable to meet the conditions of the purchase agreement and control of the property was returned to the Company and the Company returned the shares to the purchaser.

10. MINERAL PROPERTIES (CONT'D)

Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR royalty.

During the year ended December 31, 2016, the Company entered into a Property Option Agreement with Quantum Cobalt Corp. ("Quantum" – formerly Bravura Ventures Corp.) whereby Quantum can earn up to a 90% interest in the Grew Creek property. The terms of the Property Option Agreement include:

a) A total of $950,000 to be paid to the Company as follows:
   - $35,000 – on the closing date (received);
   - $50,000 – on October 21, 2017 (received);
   - $75,000 – on October 21, 2018;
   - $140,000 – on October 21, 2019;
   - $150,000 – on October 21, 2020;
   - $250,000 – on October 21, 2021; and
   - $250,000 – on October 21, 2022.

b) Issuance to the Company of an aggregate amount of 200,000 common shares and an additional 6% of Quantum to be issued as follows (share amounts have been adjusted to reflect a 10:1 consolidation of Quantum shares on May 4, 2017):
   - 50,000 – on the closing date (received, valued at $90,000);
   - 50,000 – on October 21, 2017 (received, valued at $32,500);
   - 50,000 – on October 21, 2018;
   - 50,000 – on October 21, 2019;
   - On October 21, 2020 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for 70% interest in the property;
   - On October 21, 2021 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for an additional 10% interest in the property; and
   - On October 21, 2022 that number of common shares equal to 2% of the issued and outstanding common shares of Quantum for an additional 10% interest in the property.

Quantum did not make the cash and share payments scheduled for October 21, 2018, resulting in the Property Option Agreement being terminated and control of the property returned to the Company subsequent to the year end.

Other Properties

a) Castle West, Nevada

During the year ended December 31, 2014, the Company entered into a Mining Lease and Sublease Agreement (the "Agreement") with Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. During the year ended December 31, 2017, the Company returned the Castle West property to Platoro, wrote off the December 31, 2016 balance of the property of $92,641 and paid additional lease fees of US$20,500 (CAD $27,537) to the underlying vendors of the two subleases.

Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction.

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES (CONT'D)

Other Properties (cont'd)

b) Chopin, Korat, Lucky Joe and Fortymile Projects, Yukon

During the year ended December 31, 2017, the Company sold a number of non-core assets to Taku, including the Chopin, Korat, Lucky Joe and Fortymile projects. As consideration, Taku issued the Company 3,500,000 common shares and granted the Company NSR royalties on the Chopin (1%), Korat (1%), Lucky Joe (1.5%) and Fortymile (0.5%) claims. The shares received were valued at $735,000. Of this amount, $11,720 was recorded as a reduction in mineral property values (bringing their carrying value to nil) and the remainder was recorded as a gain on sale. During the year ended December 31, 2018, Taku terminated the underlying option agreement on the Fortymile project, and Golden Predator thus has no further interest in the property.

11. PROMISSORY NOTE

In conjunction with the acquisition of the Brewery Creek project in 2014 from Till Capital, the Company issued a $4,700,000 promissory note (the "Promissory Note"), the terms of which were amended during the year ended December 31, 2015. During the year ended December 31, 2017, the Company settled the remaining three payments outstanding under the Promissory Note with two payments totaling $3,446,389, including repayment of principal of $3,200,000 and interest of $246,389.

The Promissory Note was recognized initially at fair value, and subsequently carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15%, which was management's estimate of the Company's cost of borrowing.

	Classification	Promissory Note
Carrying value - December 31, 2016		**$ 3,146,809**
Principal payment on note	Cash	(3,200,000)
Payment of accreted interest	Cash	(246,389)
Accreted interest in the year	Non-cash	174,535
Loss on settlement of promissory note	Non-cash	125,045
Carrying value - December 31, 2017 and 2018		**$ -**

(Expressed in Canadian dollars)

12. FINANCE LEASE OBLIGATION

The Company has a finance-type lease agreement with the vendor of a trailer camp that has been installed at the 3 Aces property. The lease commenced in the year ended December 31, 2018. The following table sets out the future minimum lease payments as well as the present value of the net minimum lease payments as at December 31, 2018.

Future minimum lease payments		
Within 1 year	$	192,000
Within 2 years		32,000
		224,000
Effect of discounting		(14,839)
Present value of minimum lease payments		209,161
Less current portion		(175,238)
Non-current portion of finance lease obligations	$	33,923

13. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance December 31, 2016	**$**	**238,400**
Liability incurred on flow-through shares issued		777,112
Settlement of flow-through share liability on expenditures incurred		(1,015,512)
Balance December 31, 2017		**-**
Liability incurred on flow-through shares issued		1,658,228
Settlement of flow-through share liability on expenditures incurred		(1,658,228)
Balance December 31, 2018	**$**	**-**

14. SHARE CAPITAL

a) Capital Stock

In February 2018, the Company completed a financing by way of short form prospectus. A total of 9,212,378 flow-through units (the “Flow-Through Units) at a price of $0.91 per Flow-Through Unit were sold for aggregate gross proceeds of $8,383,264. Each Flow-Through Unit consists of one Class A common share (a “Common Share”) and one-half of one (non-flow-through) Common Share purchase warrant, exercisable at $1.00 per Common Share. The Company paid a 7.0% commission ($586,828), $309,344 in other fees and issued 460,618 share purchase warrants to the Underwriter valued at $142,792. The Underwriter’s warrants are exercisable into Common Shares at a price of $0.91 per Common Share, for a period of two years from the closing date.

During the year ended December 31, 2018, the Company:

- Issued 647,500 Class A common shares for proceeds of $188,175 related to the exercise of stock options;
- Issued 26,323,000 Class A common shares for proceeds of $5,291,630 related to the exercise of warrants;
- Issued 100,000 Class A common shares valued at $68,000 related to the purchase of the Reef Property; and
- Repurchased 100,000 Class A common shares for $25,133 under a normal course issuer bid.

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

a) Capital Stock (cont'd)

In March 2017, the Company completed a bought deal offering by way of short form prospectus. A total of 7,187,500 Class A common shares at a price of $1.60 per share and 3,108,450 flow-through Class A common shares at a price of $1.85 per flow-through share were sold for aggregate gross proceeds of $17,250,633. The Company paid a 6.9% commission ($1,190,294), $284,990 in other fees and issued 251,562 share purchase warrants to the Underwriters valued at $212,480. The Underwriters' warrants are exercisable into Class A common shares at a price of $1.60 per share, for a period of two years from the closing date.

During the year ended December 31, 2017, the Company issued:

- 5,017,548 Class A common shares for proceeds of $1,600,048 related to the exercise of warrants;
- 1,786,250 Class A common shares for proceeds of $533,437 related to the exercise of stock options;
- 100,000 Class A common shares valued at $159,000 related to the purchase of the Reef property; and
- 85,000 Class A common shares valued at $66,300 related to the purchase of the Upper Hyland property.

b) Stock Options

The Company has a stock option plan under which directors, officers, employees, management and consultants of the Company are eligible to receive stock options. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one optionee in a 12-month period may not exceed 5% of the outstanding common shares of the Company. Options granted under the plan may not exceed a term of ten years and vest at terms determined by the directors at the time of grant. The exercise price, expiry date, and vesting term of each option is determined by the directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

During the year ended December 31, 2018, the Company recognized stock-based compensation related to options of $1,032,508 (2017 - $1,468,134) in general and administrative expenses. The weighted average fair value of options granted during the year ended December 31, 2018 was $0.26 (2017 - $0.69) per share.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used calculating the fair values are as follows:

	2018	2017
Risk-free interest rate	2.02%	0.62%
Expected life of option	3 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	92.32%	138.82%

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

b) Stock Options (cont'd)

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2016	**5,934,500**	**$ 0.46**
Granted	2,490,000	1.12
Exercised	(1,786,250)	0.30
Forfeited	(503,750)	1.00
Balance, December 31, 2017	**6,134,500**	**$ 0.73**
Granted	3,855,000	0.51
Exercised	(647,500)	0.29
Forfeited	(1,439,500)	0.83
Balance, December 31, 2018	**7,902,500**	**$ 0.64**
Exercisable, December 31, 2018	**4,966,250**	**$ 0.67**

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

b) Stock Options (cont'd)

As at December 31, 2018, incentive stock options were outstanding as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
February 25, 2019	575,000	0.17
May 24, 2019	210,000	0.43
June 3, 2019	1,440,000	0.66
July 20, 2019	15,000	0.82
August 10, 2019	92,500	0.91
October 7, 2019	330,000	0.69
October 11, 2019	15,000	0.72
October 14, 2019	25,000	0.80
October 19, 2019	5,000	0.75
November 9, 2019	10,000	0.77
November 23, 2019	20,000	0.56
January 20, 2020	85,000	0.99
March 21, 2020	435,000	1.60
March 21, 2020	60,000	1.41
May 4, 2020	25,000	1.27
August 18, 2020	40,000	1.16
September 1, 2020	50,000	1.08
September 13, 2020	15,000	0.90
September 30, 2020	700,000	0.91
October 20, 2020	35,000	0.85
December 4, 2020	40,000	0.64
February 26, 2021	840,000	0.75
April 21, 2021	120,000	0.49
June 20, 2021	830,000	0.42
July 17, 2021	60,000	0.42
July 25, 2021	30,000	0.42
September 7, 2021	1,800,000	0.42
	7,902,500	**0.64**

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

b) Stock Options (cont'd)

As at December 31, 2017, incentive stock options were outstanding as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
March 1, 2018	100,000	0.14
March 1, 2018	100,000	0.17
March 1, 2018	100,000	0.66
March 23, 2018	10,000	0.12
June 22, 2018	125,000	0.12
October 1, 2018	110,000	0.14
February 25, 2019	650,000	0.17
May 2, 2019	5,000	0.25
May 24, 2019	232,500	0.43
June 3, 2019	1,525,000	0.66
June 20, 2019	75,000	0.95
July 20, 2019	30,000	0.82
August 10, 2019	100,000	0.91
October 7, 2019	402,000	0.69
October 11, 2019	25,000	0.72
October 14, 2019	25,000	0.80
October 19, 2019	15,000	0.75
November 9, 2019	10,000	0.77
November 23, 2019	245,000	0.56
January 20, 2020	85,000	0.99
February 1, 2020	50,000	1.51
March 21, 2020	485,000	1.60
March 21, 2020	80,000	1.41
April 10, 2020	50,000	1.60
April 24, 2020	50,000	1.32
May 4, 2020	25,000	1.27
June 5, 2020	35,000	1.43
July 11, 2020	80,000	1.10
August 18, 2020	40,000	1.16
September 1, 2020	80,000	1.08
September 13, 2020	15,000	0.90
September 30, 2020	700,000	0.91
October 20, 2020	35,000	0.85
December 1, 2020	400,000	0.66
December 4, 2020	40,000	0.64
	6,134,500	**0.73**

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

c) Warrants

During the year ended December 31, 2018, the Company issued:

- 4,606,189 warrants to subscribers of the financing;
- 460,618 finders' warrants with a fair value of $0.31 per warrant in connection with the financing;
- 100,000 warrants with a fair value of $0.25 per warrant for the acquisition of the Reef property; and
- 1,274,000 warrants upon the exercise of 1,274,000 finders' warrants issued as part of a previous financing. These finders' warrants were exercisable into one Class A common share and one purchase warrant entitling the holder to purchase one additional Class A common share at a price of $0.21 until May 24, 2018.

During the year ended December 31, 2017, the Company issued:

- 251,562 finders' warrants with a fair value of $0.84 per warrant in connection with the financing;
- 100,000 warrants with a fair value of $0.87 per warrant for the acquisition of the Reef property; and
- 300,000 warrants with a fair value of $0.37 per warrant for the acquisition of the Sprogge property.

The fair value of the warrants granted was estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2018	2017
Risk-free interest rate	1.82%	1.15%
Expected life of option	2.2 years	2.7 years
Expected dividend yield	0%	0%
Expected stock price volatility	89.56%	102.13%

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2016	**40,287,530**	**$ 0.42**
Granted	651,562	1.32
Exercised	(5,017,548)	0.32
Balance, December 31, 2017	**35,921,544**	**0.45**
Granted	6,440,807	0.85
Exercised	(26,323,000)	0.20
Expired	(10,220,982)	1.00
Balance, December 31, 2018	**5,818,369**	**$ 1.05**

(Expressed in Canadian dollars)

14. SHARE CAPITAL (CONT'D)

c) Warrants (cont'd)

At December 31, 2018, warrants were outstanding as follows:

Expiry Date	Outstanding Warrants	Exercise Price ($)
March 14, 2019	251,562	1.60
February 13, 2020	4,606,189	1.00
February 13, 2020	460,618	0.91
March 23, 2020	100,000	1.59
December 21, 2020	300,000	1.00
February 2, 2021	100,000	2.00
	5,818,369	**1.05**

At December 31, 2017, warrants were outstanding as follows:

Expiry Date	Outstanding Warrants	Exercise Price ($)
February 25, 2018	2,000,000	0.15
March 3, 2018	875,000	0.15
May 24, 2018	20,900,000	0.21
May 24, 2018 (finders' warrants) (1)	1,274,000	0.16
July 26, 2018	10,220,982	1.00
March 14, 2019	251,562	1.60
March 23, 2020	100,000	1.59
December 21, 2020	300,000	1.00
	35,921,544	**0.45**

(1) These finders' warrants are exercisable into one Class A common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional Class A common share at a price of $0.21 until May 24, 2018.

15. EXPLORATION EXPENSES

	2018	2017
Personnel	$ 3,836,878	$ 3,944,077
Drilling	2,737,326	3,812,341
Logistics and support	2,059,825	2,009,444
Field and general	1,394,056	2,956,246
Amortization	664,680	366,057
Helicopter and airplane	643,407	560,492
Community and environment	591,238	489,086
Geochemistry and metallurgy	499,091	1,816,573
Geophysics	23,974	34,435
Miscellaneous	-	69,822
Cost recoveries	(606,041)	(1,371,042)
	$ 11,844,434	**$ 14,687,531**

(Expressed in Canadian dollars)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Office and insurance	$ 1,492,937	$ 1,606,441
Share-based compensation	1,032,508	1,468,134
Travel, shareholder relations and promotion	779,362	606,527
Professional fees	162,131	353,223
Regulatory & compliance	73,067	77,449
Consulting fees	12,000	98,160
Depreciation	2,842	1,671
Gold mintage expense	-	13,850
	$ 3,554,847	**$ 4,225,455**

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	2018	2017
Net change in non-cash working capital			
Accounts receivable	4	$ (152,793)	$ 81,800
Prepaid expenses and deposits		28,524	(147,995)
Accounts payable and accrued liabilities		(445,899)	(203,232)
Inventory	5	(163,812)	(744,333)
Due from associate	18	(117)	(3,243)
		$ (734,097)	**$ (1,017,003)**
Non-cash financing and investing activities			
Flow-through share premium liability	13	$ 1,658,228	$ 777,112
Exercise of stock options	14	153,114	325,402
Shares issued for property acquisition	10	68,000	432,300
Warrants issued for property acquisition	10	25,000	198,585
Shares received for mineral properties	10	-	1,667,500
Finder's warrants issued	14	142,792	212,480
		$ 2,047,134	**$ 3,613,379**
Reconciliation of liabilities arising from financing activities			
Finance lease obligation – beginning of year		$ -	$ -
Proceeds of finance lease (non-cash)		340,000	-
Repayment of finance lease net of interest		(130,839)	-
Finance lease obligation – end of year		**$ 209,161**	**$ -**

(Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS

a) Key management compensation

During the year ended December 31, 2018 the compensation paid or payable to key management (Officers and Directors) for management services provided was as follows:

		2018		2017
Salary and management fees	$	558,666	$	608,070
Stock-based compensation		570,349		703,400
	$	**1,129,015**	**$**	**1,311,470**

b) Other transactions

During the year ended December 31, 2018, the Company recovered $84,000 (2017 - $nil) from Taku Gold Corp. ("Taku"), an associated company, for Taku's share of rent and office salaries.

During the year ended December 31, 2018, the Company sold $41,568 (2017 - $nil) gold bars and coins to directors and officers of the Company.

c) Balances outstanding

There was $5,681 due to officers of the Company in accounts payable and accrued liabilities at December 31, 2018 (2017 - $3,789).

There was $3,360 due from Taku at December 31, 2018 (2017 - $3,243).

19. INCOME TAXES

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

		2018		2017
Earnings (loss) for the year	**$**	**(16,450,319)**	**$**	**(17,594,555)**
Expected income tax (recovery)		(4,442,000)		(4,575,000)
Permanent differences		320,000		452,000
Impact of flow-through shares		2,264,000		1,495,000
Tax effect of flow-through premium recognized in income		(448,000)		(264,000)
Impact of future income tax rates applied versus current statutory rate		-		(158,000)
Share issue costs		(242,000)		(384,000)
True up of prior year provision to statutory tax returns		1,499,000		(182,000)
Change in unrecognized deductible temporary differences and other		1,049,000		3,616,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

19. INCOME TAXES (CONT'D)

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Share issue costs	$ 595,000	$ 562,500
Allowable capital losses	2,129000	2,127,000
Non-capital losses available for future period	7,816,000	6,951,000
Property and equipment	670,000	949,000
Canadian eligible capital	130,000	122,000
Exploration and evaluation assets	12,240,000	12,342,000
Marketable securities	(2,000)	(32,000)
Unrecognized deferred tax assets	**$ 23,578,000**	**$ 23,021,500**

$28.9 million (2017 - $25.7 million) of non-capital losses expire between 2027 to 2038. $2.2 million in other temporary differences (2017 - $2.1 million) expire in 2022. Resource pools of $45.5 million (2017 - $46.9 million) and other temporary differences of $7.9 million (2017 - $7.9 million) have no expiry date.

20. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. The Company's cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are categorized as financial assets measured at amortized cost. Marketable securities and the derivative asset are categorized as assets measured at fair value through profit and loss. The Company's accounts payable and accrued liabilities and finance lease obligation are categorized as financial liabilities measured at amortized cost.

The three levels of the fair value hierarchy are:

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

As at December 31, 2018 and 2017, the Company's marketable securities are based on level 1 inputs of the fair value hierarchy, and the derivative asset is based on level 3 inputs of the fair value hierarchy. Marketable securities values are based on the closing trading price of the shares on public stock exchanges at the period-end date. The fair value of the derivative asset was estimated using the Black-Scholes model with the assumptions disclosed in Note 7.

The carrying amounts of cash and cash equivalents, accounts receivable, due from associate and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The carrying amounts of the reclamation bonds and the finance lease obligation are considered to be reasonable approximations of their fair values due to their contractual interest rates being comparable to current market interest rates.

20. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada, but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts with a major Canadian financial institution. Accounts receivable consist primarily of trade receivables from the sale of gold bars and coins and of goods and services tax receivable from the Canadian government. Reclamation bonds consist of guaranteed investment certificates with a major Canadian financial institution. Management believes the risk of credit loss to be minimal.

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents and reclamation bonds, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible. The Company's borrowings are at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable. As at December 31, 2018, the Company had working capital of $521,676 (2017 - $3,456,454)

(Expressed in Canadian dollars)

20. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

Liquidity risk (cont'd)

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Statements of Financial Position.

As at December 31, 2018		**Up to 1 year**		**1-5 years**		**Total**
Accounts payable and accrued liabilities	$	1,699,448	$	-	$	1,699,448
Finance lease obligation		175,238		33,923		209,161
	$	**1,874,686**	**$**	**33,923**	**$**	**1,908,609**

As at December 31, 2017		**Up to 1 year**		**1-5 years**		**Total**
Accounts payable and accrued liabilities	$	2,071,990	$	-	$	2,071,990

Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is the risk of loss associated with movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is the risk of loss associated with commodity price movements. The Company closely monitors individual equity movements, the stock markets and commodity prices to determine appropriate actions to be taken by the Company. The Company has investments in certain publicly traded companies (marketable securities), and there can be no assurance that the Company can exit these positions if required, so there is a risk that proceeds may not approximate the carrying value of these investments. A 10% fluctuation in the price of the Company's marketable securities would increase or decrease loss and comprehensive loss by $21,512 at December 31, 2018 (2017 - $49,645). A 10% fluctuation in the price of gold could increase or decrease loss and comprehensive loss by $90,815 at December 31, 2018 (2017 - $74,433).

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 exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents, short term investments and marketable securities.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2018 and 2017.

(Expressed in Canadian dollars)

21. COMMITMENTS

a) The Company has leases on office space in Vancouver (ending May 31, 2021) and Watson Lake (ending January 31, 2020), as well as leases on accommodation in Vancouver (ending December 31, 2018) and Whitehorse (ending May 14, 2019). These leases commit the Company to the following future minimum lease payments as at December 31, 2018:

Year	Payments
2019	$ 106,670
2020	$ 82,288
2021	$ 83,406
2022	$ 35,259

b) On January 28, 2013, the Company entered into an Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory. Under the MOU, the Company will pay an annual Community Development fee of 2% of "on the ground" exploration expenditures.

c) An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation in September 2012. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating.

22. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2018:

a) The option on the Grew Creek property was terminated and control of the property returned to the Company.

b) The Company amended its option agreement on the Reef property. Under the revised agreement, the Company issued Precipitate 950,000 common shares and 450,000 warrants with a four-year term and an exercise price of $0.40. The Company will also make a cash payment of $50,000 by June 30, 2019 to complete the option. The NSR from the original option agreement remains in place.

c) The Company amended its agreement on the Sonora Gulch property such that Taku acquired a 100% interest in the property by immediately issuing the Company a further 4,750,000 common shares (in addition to the 4,500,000 common shares Taku previously issued under the agreement). The Company retained a 1% NSR royalty on the property.

d) The Company elected to discontinue its interest in the Upper Hyland project and did not make any further option payments.