SPANISH MOUNTAIN GOLD LTD.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
For the Three Months Ended
March 31, 2019 and 2018
(Expressed in Canadian Dollars)

NOTICE TO READER:

These unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these Financial Statements in accordance with the standards established by the Canadian Chartered Professional Accountants. This notice is being provided in accordance with National Instrument 52-102 – Continuous Disclosure Obligations.

SPANISH MOUNTAIN GOLD LTD.
March 31, 2019

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Spanish Mountain Gold Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	Note		March 31, 2019		December 31, 2018
Assets					
Current Assets					
Cash and cash equivalents	4	$	541,312	$	826,043
Short-term investments	4		500,000		712,427
Accounts receivable	10		93,197		113,067
Prepaid expenses			28,086		29,146
			1,162,595		1,680,683
Mineral Properties	6		75,646,567		75,342,405
Property and Equipment	7		1,119,564		872,244
Deposits for Reclamation	6(a)		85,000		85,000
Rent Deposit			24,955		24,955
		$	78,038,681	$	78,005,287
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	337,261	$	410,867
Current portion of lease liability	8		66,474		-
			403,735		410,867
Lease Liability	8		189,671		-
Lease Incentive Liability			-		37,112
Returnable Security Deposits			18,000		18,000
Deferred Income Tax Liabilities	10		869,369		909,828
			1,480,775		1,375,807
Shareholders' Equity					
Capital Stock	9		88,020,138		88,020,138
Share-Based Payments Reserve	9(c),9(e)		662,507		631,753
Deficit			(12,124,739)		(12,022,411)
			76,557,906		76,629,480
		$	78,038,681	$	78,005,287

Approved on behalf of the Board:

"Christopher Lattanzi"
……………………..……………… Director
Christopher Lattanzi

"James Clare"
………………………………………… Director
James Clare

See notes to Condensed Consolidated Interim Financial Statements

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	For the three months ended March 31, 2019	2018
Expenses			
Salaries and wages	11	$ 92,656	$ 94,513
Investor relations, travel and filing fees		28,498	55,563
Share based payments	9(c),9(d),11	25,025	18,043
Depreciation	7	21,113	1,155
Legal and accounting		13,000	12,541
Office and administrative		3,064	22,541
Loss Before Other Items		(183,356)	(204,356)
Other Items			
Interest and finance expense		(2,220)	-
Interest income		5,677	11,179
Loss Before Deferred Income Tax		(179,899)	(193,177)
Deferred Income Tax Recovery	10	40,459	89,510
Net Loss and Comprehensive Loss for period		$ (139,440)	$ (103,667)
Basic and diluted, loss per share		$ (0.001)	$ (0.000)
Weighted Average Number of Common Shares Outstanding		232,375,957	232,015,957

See notes to Condensed Consolidated Interim Financial Statements

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock	Share-Based Payments Reserve	Deficit	Total Equity
Balance, December 31, 2017	231,975,957	$ 88,000,138	$ 478,590	$ (11,589,953)	$ 76,888,775
Issued for cash					
Warrant Exercise	400,000	20,000	-	-	20,000
Share-based payments	-	-	19,895	-	19,895
Net loss for period	-	-	-	(103,667)	(103,667)
Balance, March 31, 2018	232,375,957	88,020,138	498,485	(11,693,620)	76,825,003
Share-based payments	-	-	133,268	-	133,268
Net loss for period	-	-	-	(328,791)	(328,791)
Balance, December 31, 2018	232,375,957	$ 88,020,138	$ 631,753	$ (12,022,411)	$ 76,629,480
Adjustment on adoption of IFRS 16	-	-	-	37,112	37,112
Share-based payments	-	-	30,754	-	30,754
Net loss for period	-	-	-	(139,440)	(139,440)
Balance, March 31, 2019	232,375,957	$ 88,020,138	$ 662,507	$ (12,124,739)	$ 76,557,906

See notes to Condensed Consolidated Interim Financial Statements

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended March 31 2019	2018
Operating Activities		
Net loss for period	$ (139,440)	$ (103,667)
Items not involving cash:		
Depreciation	21,113	1,155
Interest and finance expense	2,220	-
Share-based payments	25,025	18,043
Deferred income tax (recovery) expense	(40,459)	(89,510)
	(131,541)	(173,979)
Changes in non-cash working capital:		
Accounts receivable	19,870	(2,734)
Prepaid expenses	1,060	15,444
Accounts payable and accrued liabilities	(21,503)	(13,949)
Lease incentive liability	-	(3,990)
	(573)	(5,229)
Cash Used in Operating Activities	(132,114)	(179,208)
Financing Activity		
Payment of lease obligations	(23,393)	-
Shares issued for cash, net of issue costs	-	20,000
Cash Provided by (Used in) Financing Activities	(23,393)	20,000
Investing Activities		
Short-term investments	212,427	(212,428)
Expenditures on mineral properties	(341,652)	(67,117)
Cash Used in Investing Activities	(129,225)	(279,545)
Decrease in Cash	(284,732)	(438,753)
Cash and Cash Equivalents, Beginning of year	826,043	1,707,860
Cash and Cash Equivalents, End of period	$ 541,312	$ 1,269,107
Supplemental Cash Flow Information		
Non-cash items:		
Mineral properties included in accounts payable and accrued liabilities	$ 232,167	$ 23,407
Depreciation included in mineral properties	$ 6,839	$ 9,773
Share-based payments included in mineral	$ 5,729	$ 1,852

See notes to Condensed Consolidated Interim Financial Statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Spanish Mountain Gold Ltd. (the "Company") is an exploration stage resource company incorporated under the *Business Corporations Act* (Alberta) and continued into British Columbia under the *Business Corporations Act* (British Columbia). The head office and principal address of the Company are located at 1120 - 1095 West Pender Street, Vancouver, British Columbia V6E 2M6. The address of the Company's registered office is 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

These condensed consolidated interim financial statements ("Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to 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 business. Accordingly, these Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company is an exploration stage resource company which does not generate any revenue and has been relying on equity-based financing to fund its operations. While the Company expects to meet its financial obligations in the near term, it will require additional financing to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that future funding will be available to sufficiently conduct further exploration and development of its mineral properties. At March 31, 2019, the Company has working capital of $758,860 (December 31, 2018 - $1,269,816), and an accumulated deficit of $12,124,739 (December 31, 2018 - $12,022,411).

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its on-going obligations. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful as it is dependent on prevailing capital market conditions and the availability of other financing opportunities. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PREPARATION

(a) Approval of the Financial Statements

The Financial Statements of Spanish Mountain Gold Ltd. for the three months ended March 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2019.

(b) Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included in the annual audited Condensed Consolidated Interim financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018.

2. BASIS OF PREPARATION (Continued)

(c) **Basis of measurement**

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these Financial Statements have also been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in note 3 have been applied consistently by the Company and its subsidiary for all periods presented except for the use of modified retrospective approach in adopting IFRS 16, Leases (see Note 3(p)) effective January 1, 2019.

(d) **Use of judgments and estimates**

The Company's management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company's Financial Statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- Impairment of property and equipment and mineral properties

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and mineral properties.

  In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded as there have been no obsolescence or physical damage of the assets, and there are no indications that the value of the assets have declined more than what is expected from the passage of time or from normal use.

  In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statements of financial position at its carrying value as management has determined there are no indicators of impairment for its mineral properties as at March 31, 2019 and December 31, 2018.

- Mining exploration tax credits and flow-through expenditures

  The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits.

2. BASIS OF PREPARATION (Continued)

(d) Use of judgments and estimates (Continued)

- Mining exploration tax credits and flow-through expenditures (Continued)

  The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

  Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled (note 10).

- Going concern

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

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include:

- the expected life of property and equipment;
- the estimation of asset retirement and environmental obligations;
- the utilization of deferred income tax assets; and
- the determination of the variables used in the Black-Scholes option pricing model to calculate the fair value of options and warrants.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies:

(a) Principles of consolidation

These Financial Statements include the accounts of the Company and its wholly owned Canadian subsidiary, Wildrose Resources Ltd. ("Wildrose"). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash, cash equivalents and short-term investments

Cash and cash equivalents comprise cash, bank deposits or highly liquid temporary investments that are readily convertible into known amounts of cash. Term deposits with an original maturity greater than three months and that are non-redeemable are classified as short-term investments.

(c) Presentation currency

The Company's presentation currency is the Canadian dollar, which is also the functional currency for both the Company and its subsidiary, Wildrose.

(d) Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written off in the period in which a decision to discontinue the project is made.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable ounces to be mined from estimated proven and probable reserves.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in net income (loss).

(e) Property and equipment

Property and equipment are recorded at cost and depreciated using the declining-balance basis at the following annual rates:

Building	4%
Computer equipment	30%
Furniture and field equipment	20%
Vehicles	30%
Office equipment	20%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property and equipment (Continued)

Depreciation of right-of-use assets and leasehold improvements are recorded on a straight-line basis over the term of the lease.

Additions during the year are depreciated on a pro-rated basis. Depreciation on property and equipment used directly on exploration projects is capitalized to mineral properties.

(f) Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets). The recoverable amount of the asset (or CGU) is the greater of the asset's (or CGU's) fair value less costs to sell and its value in use to which the assets belong.

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions on reserves and expected future production revenues and expenses.

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

(g) Provision for closure and reclamation

The Company assesses its mine rehabilitation provision at each reporting date. Changes to estimated future costs are recognized in the statements of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*.

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining operations in the period in which the obligation is incurred. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mine; dismantling operating facilities; closure of plant and waste sites; and restoration, reclamation and vegetation of affected areas.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Provision for closure and reclamation (Continued)

Present value is used where the effect of the time value of money is material. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(h) Mining exploration tax recoveries

The Company recognizes mining exploration tax recoveries in the period in which there is reasonable expectation, based on management's estimate, of receiving a refund. The amount of tax credit receivable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(i) Non-monetary transactions

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

(j) Unit issuance

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

(k) Share-based payments

The Company has a stock option plan that is described in note 9(b). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as capital stock and the related amount originally recorded in share-based payments reserve is transferred to capital stock. For those unexercised options or warrants that expire, the recorded value is transferred to deficit.

(l) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, the earnings (loss) available to common shareholders equal the reported earnings (loss). The computation of diluted earnings per share reflects the potential dilution that could occur on the exercise of outstanding options, warrants and similar instruments. The Company uses the treasury stock method to determine the dilutive effect of options, warrants and other dilutive instruments. Under this method, only "in the money" dilutive instruments impact the calculations in computing diluted earnings per share. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Income taxes

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, losses carried forward and other tax deductions. Deferred income tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in net income (loss) in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable that the related tax benefit will be realized.

(n) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Capital stock – the market trading price of the common share;
- Warrant reserve – based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium – any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to mineral properties and the flow-through premium, if any, is amortized to profit or loss.

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

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments

Financial assets

i. Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

ii. Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to deficit when the financial instrument is derecognized or its fair value substantially decreases.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) **Financial instruments** (Continued)

Financial assets (Continued)

iii. Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

i. Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

ii. Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred.

Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

iii. Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income (loss).

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) **Financial instruments** (Continued)

Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(p) **Adoption of new accounting standards**

IFRS 9, *Financial Instruments*

Effective January 1, 2018 the Company adopted accounting standard IFRS 9, *Financial Instruments* ("IFRS 9") using the modified retrospective approach. The Company has not restated comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9 and accordingly, the comparative information for the year ended December 31, 2017 is presented under IAS 39 *Financial Instruments: recognition and measurement* ("IAS 39"). There were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Measurement Category	
	Under IAS 39	**Under IFRS 9**
	Classification	**Classification**
Cash and cash equivalents	Fair value – P&L	Fair value – P&L
Rent receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) **Adoption of new accounting standards** (continued)

IFRS 16, *Leases*

As at January 1, 2019 the Company adopted accounting standard IFRS 16, *Leases* (“IFRS 16”) which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize a right of use asset (“ROU asset”) and a lease obligation or liability at the commencement date of the lease. This is applicable for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

The Company adopted IFRS 16 using the modified retrospective approach. Under this approach, the Company recognizes transition adjustments, if any, in retained earnings or deficit on the date of initial adoption (January 1, 2019), without retrospective restatement of the financial statements.

Lease recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly and should be physically distinct. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

If a contract is assessed to contain a lease, a lease liability is initially recognized at the present value of the lease payments that are unpaid at the commencement date, and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease obligation is measured at amortized cost using the effective interest method. The Company also recognizes a ROU asset that will generally be equal to the lease obligation at adoption. The ROU asset is subsequently amortized over the life of the contract.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Adoption of new accounting standards and new accounting pronouncements (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease transition to IFRS 16

Under IAS 17, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognized as an expense in the statement of earnings (loss) on a straight-line basis over the lease term. At transition, the Company had one contract classified as an operating lease with respect to its office premises. The lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019 and the related right-of-use assets were recognized at amounts equal to the corresponding lease liability.

As a practical expedient when applying IFRS 16 to leases previously classified as operating leases under IAS 17, the Company elected to exclude initial direct costs from measuring the ROU asset at the date of initial application.

Lease liabilities recognized at January 1, 2019 amounted to $277,317. Refer to note 8 for further details.

When measuring the value of the lease liabilities, the Company discounted lease payments using its estimated incremental borrowing rate of 5% at January 1, 2019.

The following table reconciles the Company's operating lease commitments at December 31, 2018, as previously disclosed in the Company's annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019.

	Adoption of IFRS 16
Operating lease commitment at December 31, 2018	302,284
Effect from discounting using the incremental borrowing rate at January 1, 2019	(24,967)
Lease liability recognized on adoption of IFRS 16 at January 1, 2019	277,317

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of deposits for reclamation approximates fair value since amounts held earn interest at market rates.

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

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents. The Company manages credit risk in respect of cash and cash equivalents and short-term investments by holding these at a major Canadian financial institution with strong investment-grade ratings by a recognized agency.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and short-term investments, as all amounts are held at a major Canadian financial institution. The Company's cash and cash equivalents and short-term investments at March 31, 2019 and December 31, 2018 are as follows:

	March 31, 2019	December 31, 2018
Cash held in bank accounts	55,607	$ 55,236
Term deposits	485,706	770,807
Short-term investments	500,000	712,427
	$ 1,041,313	$ 1,538,470

As at March 31, 2019, the Company had $485,706 (December 31, 2018 - $770,807) invested in Canadian dollar denominated redeemable guaranteed investment certificates ("GICs") with various terms of maturity and $500,000 (December 31, 2018 - $712,427) in non-redeemable GICs with original maturity greater than three months. Interest is accrued during the GIC term. Accrued interest at March 31, 2019 was $1,232 (December 31, 2018 - $17,123).

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash, cash equivalents and short-term investments at March 31, 2019 in the amount of $1,041,313 (December 31, 2018 - $1,538,470), in order to meet short-term liabilities. At March 31, 2019, the Company had accounts payable and accrued liabilities of $337,261 (December 31, 2018 - $410,867), which have contractual maturities of 90 days or less.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to interest rate risk, foreign currency risk and other price risk as follows:

(i) Interest rate risk

The Company's cash, cash equivalents and short-term investments are held in bank accounts and earn interest at variable interest rates. Due to the short-term nature of these financial instruments and the prevailing interest rate environment, fluctuations in market rates do not have a significant impact on estimated fair values or cash flows as of March 31, 2019 and 2018.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) **Market risk** (Continued)

(ii) Foreign currency risk

The Company's operations are located in Canada with substantially all transactions denominated in Canadian dollars, and accordingly, the Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not significantly exposed to other price risk with respect to its financial instruments, as their fair values and future cash flows are not impacted materially by fluctuations in market prices.

5. CAPITAL MANAGEMENT

The Company's primary source of funds has been obtained through the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal, and is not subject to any externally imposed capital requirements.

The Company defines its capital as all components of shareholders' equity. Capital requirements are determined by the Company's exploration activities on its mineral property interests and administrative overhead. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet strategic goals.

In accordance with its investment policy, the Company periodically invests its capital in liquid investments to obtain returns that are considered reasonable under prevailing market conditions. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, there can be no assurances that it will continue into the future.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019.

6. MINERAL PROPERTIES

Acquisition and exploration expenditures incurred on mineral properties are as follows:

	Note	Spanish Mountain Gold Project
Balance, December 31, 2017		$ 73,827,046
Additions during the year		
Deferred exploration costs:		
Assaying		127,203
Camp materials and supplies		79,232
Contract wages		243,404
Depreciation		39,579
Drilling		358,379
Environmental assessment		186,411
Field Supplies		17,201
First Nations and community consultation		5,750
Geological consulting	11	274,965
Land tenure		2,172
Maps and reports		11,262
Share-based payments		25,843
Travel and accommodation		19,398
Total additions during the year		1,390,799
BC METC recovery	10	124,560
Balance, December 31, 2018		$ 75,342,405
Additions during the period		
Deferred exploration costs:		
Assaying		195,133
Camp materials and supplies		26,172
Contract wages		1,774
Depreciation		8,883
Geological consulting	11	64,122
Maps and reports		2,250
Share-based payments		5,729
Travel and accommodation		99
Total additions during the period		304,162
Balance, March 31, 2019		$ 75,646,567

(a) **Spanish Mountain Property, British Columbia**

The property is subject to various net smelter returns ("NSR") at 2.5%. The Company may, at its option, reduce the NSR to 1.0% or 1.5% dependent on the underlying mineral claims with a maximum aggregate payment of $1,000,000 to the vendors.

6. MINERAL PROPERTIES (Continued)

(a) Spanish Mountain Property, British Columbia (Continued)

On June 15, 2010, the Company acquired a 100% undivided interest in the Cedar Creek property, which is contiguous to the Spanish Mountain property. The wholly owned property is subject to a 2.5% NSR in favour of a third party. The NSR may be purchased by the Company for $500,000 per 1.0% NSR. On May 23, 2011, the Company acquired two additional mineral claims that are adjacent to the Cedar Creek property for $110,000 cash. The claims are subject to a 3.0% NSR, 2.5% of which may be purchased for $1,000,000.

On August 21, 2012, the Company completed the acquisition of a 100% undivided interest in an additional group of mineral claims for consideration of $500,000 in cash and 2,000,000 common shares with a fair value of $740,000. The property is subject to an aggregate 4.0% NSR. The Company has the option to reduce the net NSR to 2.0% by paying a one-time cash payment of $2,000,000 to the royalty holders.

In accordance with regulatory requirements, the Company holds a number of GICs aggregating in the sum of $85,000, in safekeeping for the Government of British Columbia. The security will be released once the Company performs its obligations pursuant to its Mineral Exploration Permit.

(b) Title to mineral property interests

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

(c) Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(d) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental issues related to any of its current or former properties that may result in material liability to the Company.

6. MINERAL PROPERTIES (Continued)

(d) Environmental (Continued)

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

7. PROPERTY AND EQUIPMENT

	Land	Building	ROU Asset Building	Computer Equipment	Furniture and Field Equipment	Vehicles	Office Equipment	Leasehold Improvements	Total
Cost									
Balance, December 31, 2017	$127,441	$1,112,739	$ -	$ 155,224	$ 151,201	$72,727	$ 21,170	$ 19,463	$1,659,965
Additions	-	-	-	-	-	-	-	-	-
Balance, December 31, 2018	127,441	1,112,739		155,224	151,201	72,727	21,170	19,463	1,659,965
Adjustment on adoption of IFRS 16	-	-	277,317	-	-	-	-	-	277,317
Adjusted balance - January 1, 2019	127,441	1,112,739	277,317	155,224	151,201	72,727	21,170	19,463	1,937,282
Additions	-	-	-	-	-	-	-	-	-
Balance, March 31, 2019	$127,441	$1,112,739	$ 277,317	$ 155,224	$ 151,201	$72,727	$ 21,170	$ 19,463	$1,937,282
Accumulated Depreciation									
Balance, December 31, 2017	$ -	$ 387,512	$ -	$ 141,165	$ 115,419	$61,281	$ 18,579	$ 19,463	$ 743,419
Additions	-	29,009	-	4,206	7,137	3,433	517	-	44,302
Balance, December 31, 2018	-	416,521	-	145,371	122,556	64,714	19,096	19,463	787,721
Adjustment on adoption of IFRS 16	-	-	-	-	-	-	-	-	-
Adjusted balance - January 1, 2019	-	416,521	-	145,371	122,556	64,714	19,096	19,463	787,721
Additions	-	6,895	20,292	721	1,397	592	101	-	29,998
Balance, March 31, 2019	$ -	$ 423,416	$ 20,292	$ 146,092	$ 123,953	$65,306	$ 19,197	$ 19,463	$ 817,719
Carrying Amounts									
At December 31, 2018	$127,441	$ 696,218	$ -	$ 9,853	$ 28,645	$ 8,013	$ 2,074	$ -	$ 872,244
At March 31, 2019	**$127,441**	**$ 689,323**	**$ 257,025**	**$ 9,132**	**$ 27,248**	**$ 7,421**	**$ 1,973**	**$ -**	**$1,119,563**

8. LEASE OBLIGATIONS

As at March 31, 2019 the Company's discounted lease liabilities consisted of the following:

	March 31, 2019
One year	77,975
One to three years	200,916
Lease liabilities - undiscounted	278,891
Effect from discounting using the incremental borrowing rate	(22,746)
Lease liabilities - discounted	$ 256,145

8. LEASE OBLIGATIONS (continued)

		March 31, 2019
Current		66,474
Non-current		189,671
Lease liabilities - discounted	$	256,145

For the three months ended March 31, 2019, interest expense on lease obligations was $2,220 (2018 – nil) and total cash payments on lease obligations was $23,393.

9. CAPITAL STOCK

(a) Authorized

(i) Unlimited number of common voting shares without par value
(ii) Unlimited number of first preferred shares
(iii) Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

(b) Stock options

The Company's stock option plan authorizes the issuance of options up to a maximum of 20% of the Company's issued shares. The maximum number of options that has been currently approved by the Company's shareholders is fixed at 17,401,903. The exercise price of any option granted shall not be less than the fair market value of the shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest 25% on the date of grant and a further 25% vest every six months and expire after five years.

Changes in the Company's stock options during the periods ended March 31, 2019 and December 31, 2018 are summarized as follows:

	March 31, 2019			December 31, 2018		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of year	6,400,000	$	0.14	3,850,000	$	0.16
Granted	-	$	-	2,550,000	$	0.10
Expired	-	$	-	-	$	-
Outstanding, end of period	6,400,000	$	0.14	6,400,000	$	0.14

9. CAPITAL STOCK (Continued)

(b) **Stock options** (Continued)

A summary of the Company's stock options outstanding and exercisable at March 31, 2019 and December 31, 2018 is as follows:

	March 31, 2019			December 31, 2018		
Expiry Date	Exercise Price	Number of Options	Number of Options exercisable	Exercise Price	Number of Options	Number of Options exercisable
September 23, 2021	$ 0.16	3,850,000	3,850,000	$ 0.16	3,850,000	3,850,000
July 3, 2023	$ 0.10	2,550,000	1,275,000	$ 0.10	2,550,000	637,500
		6,400,000	5,125,000		6,400,000	4,487,500

The weighted average remaining contractual life of outstanding options as at March 31, 2019 is 3.19 (December 31, 2018 – 3.44) years.

(c) **Share purchase warrants**

The Company did not exercise any share purchase warrants during the period ended March 31 2019. During the year ended December 31, 2018, the Company issued 400,000 common shares upon the exercise of 400,000 share purchase warrants at $0.05 per common share for gross proceeds of $20,000.

Changes in the Company's share purchase warrants during the periods ended March 31, 2019 and December 31, 2018 are summarized as follows:

	March 31, 2019		December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	25,482,051	$ 0.11	25,882,051	$ 0.11
Granted	-	$ -	-	$ -
Exercised	-	$ -	(400,000)	$ 0.05
Outstanding, end of year	25,482,051	$ 0.11	25,482,051	$ 0.11

A summary of the Company's share purchase warrants outstanding and exercisable at March 31, 2019 and December 31, 2018 is as follows:

		Outstanding	
Expiry Date	**Exercise Price**	**March 31, 2019**	**December 31, 2018**
October 23, 2020	$ 0.05	15,866,667	15,866,667
September 28, 2019	$ 0.20	9,615,384	9,615,384
		25,482,051	25,482,051

The weighted average remaining contractual life of outstanding warrants at March 31, 2019 is 1.16 (December 31, 2018 – 1.41) years.

9. CAPITAL STOCK (Continued)

(d) Share-based payments

When the Company issues stock options, it records a share-based payment compensation ("SBC") expense in the year or period which the options are granted and/or vested. SBC expense is estimated using the following assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 9% in determining the expense recorded in the accompanying consolidated statements of operations and comprehensive loss.

On July 3, 2018, the Company granted incentive stock options to certain employees and directors of the Company to acquire an aggregate of 2,550,000 common shares of the Company. The options, which will be vested in accordance with the Company's Incentive Stock Option Plan, have an exercise price of $0.10 per share expiring July 3, 2023. The total fair value of these options is calculated at $210,885 as at the date of issuance.

In accordance with the vesting schedule for these options and previously granted options, $30,754 (December 31, 2018 - $153,163) of SBC expense has been recognized during the period ended March 31, 2019.

The fair value of stock options granted during the period ended March 31, 2019 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.04%
Expected dividend yield	-
Expected stock price volatility	148.97%
Expected life in years	5.00
Expected forfeitures	9.00%

10. INCOME TAXES

The reconciliation of income tax computed at the statutory tax rate to income tax recovery is as follows:

	For the three months ended March 31	
	2019	**2018**
Loss before tax	$ 179,899	$ 193,177
Statutory income tax rate	27%	27%
Expected income tax recovery	48,573	52,158
Items non-deductible for income tax purposes	(6,859)	(5,098)
Changes in timing differences	(1,255)	17,414
Recovery of flow-through premium	-	25,036
Deferred income tax recovery	$ 40,459	$ 89,510

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at March 31, 2019 and December 31, 2018 are presented below:

	March 31, 2019	**December 31, 2018**
Deferred income tax assets		
Property and equipment	$ 251,508	$ 249,126
Non-refundable mining income tax credit	2,177,833	2,177,833
Share issue costs	12,052	13,365
Non-capital loss carried forward	4,912,898	4,869,561
	7,354,291	7,309,885
Deferred income tax liabilities		
Mineral properties	(8,223,660)	(8,219,713)
Deferred income tax liability, net	$ (869,369)	$ (909,828)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate taxable income to utilize its deferred tax assets.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined under Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that are allotted for such expenditure, but have not yet been spent.

10. INCOME TAXES (Continued)

In connection with the flow-through private placements completed on December 14, 2017, the Company has an obligation to incur qualified expenditures of $500,006 by December 31, 2018. On February 13, 2018, the Company renounced exploration expenditures of $500,006 with an effective date of December 31, 2017 and recorded a corresponding deferred tax liability of $135,002. As of March 31, 2019, the Company has fulfilled its obligations to incur qualified expenditures in connection with this issuance of flow-through shares.

The Company is eligible for British Columbia mining exploration tax credits ("BC METC"), based on qualified mineral exploration expenditures incurred for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred to the extent such expenditures are not renounced or committed with respect to issued flow-through shares, if any. The filing for the BC METC is subject to an assessment process, which may include an audit by the taxation authorities. The amount ultimately recoverable may be different from the amount claimed.

During the period ended March 31, 2019, the Company received $19,440 (December 31, 2018 - $Nil) BC METC for previously filed claims attributable to qualified mining exploration expenses incurred for the Spanish Mountain gold project. During the year ended December 31, 2018 the Company recorded an adjustment of $124,560 to the 2017 BC METC provision.

As at March 31, 2019, the Company has Canadian non-capital losses of $18,006,533 that may be applied to reduce future Canadian taxable income purposes, expiring as follows:

	Spanish Mountain	Wildrose	Total
Non-capital losses, expiring as follows:			
2026	723,138	33,219	756,357
2027	861,641	-	861,641
2028	1,723,029	155,937	1,878,966
2029	1,410,811	55,965	1,466,776
2030	2,341,901	47,730	2,389,631
2031	2,399,357	25,888	2,425,245
2032	2,828,492	3,415	2,831,907
2033	1,763,239	1,000	1,764,239
2034	1,067,246	1,367	1,068,613
2035	774,116	1,570	775,686
2036	480,330	1,599	481,929
2037	650,564	426	650,990
2038	653,714	839	654,553
	$ 17,677,578	$ 328,955	$ 18,006,533

11. RELATED PARTY TRANSACTIONS

(a) Key management comprises directors and executive officers of the Company. Certain executive officers are entitled to termination benefits of up to two years' gross salary totalling maximum of approximately $480,000 in the event of a change of control in the Company's ownership. The Company has no material post-employment benefits and other long-term employee benefits.

Compensation of key management personnel for the periods ended March 31, 2019 and 2018 is summarized as follows:

	Note	For the three months ended March 31 2019	2018
Salary and benefits		61,179	61,225
Consulting fees	6	46,773	21,390
Share-based payments		25,327	17,563
		$ 133,279	$ 100,178

The Company did not incur any termination benefits during the periods ended March 31, 2019 and 2018.

(b) Accounts payable and accrued liabilities as at March 31, 2019 includes $58,831 (December 31, 2018 - $61,721) owed to certain officers. Interest is not charged on outstanding balances and there are no specified terms of repayment.

12. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all of its long-term assets are located in Canada.

13. OPERATING LEASE

The Company has entered into an agreement to sublease a portion of its office premises to a third-party sub-tenant. The agreement commenced June 1, 2017 and expires May 31, 2020. The total rental payment under the lease is expected to be $272,902 (including estimated operating expenses of $139,531) of which the remaining balance at March 31, 2019 is $109,784 (including operating expenses of $57,917). Pursuant to the sub-lease agreement, the sub-tenant may elect to extend the agreement for another 24 months during which it has the option to terminate by providing a three-month notice to the Company.