Dynasty Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

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For the years ended December 31, 2017 and 2016

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dynasty Gold Corp.

We have audited the accompanying consolidated financial statements of Dynasty Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of changes in shareholders' equity, comprehensive loss, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dynasty Gold Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Dynasty Gold Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 23, 2018

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

Dynasty Gold Corp.

Consolidated Statements of Financial Position
As at ended December 31, 2017 and 2016

		December 31, 2017		December 31, 2016
Assets				
Current				
Cash and cash equivalents (Note 4)	$	391,116	$	355,173
Receivables (Note 5)		10,910		6,996
Prepaid expenses		4,078		3,604
		406,104		**365,773**
Exploration and evaluation assets (Note 6)		388,726		376,403
	$	**794,830**	$	**742,176**
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	$	257,855	$	219,553
		257,855		**219,553**
Shareholders' Equity				
Share capital (Note 9)		34,775,601		34,461,479
Share-based payment reserve (Note 9)		2,749,557		2,654,109
Deficit		(36,988,183)		(36,592,965)
		536,975		**522,623**
	$	**794,830**	$	**742,176**

Nature of Business and Continuance of Operations (Note 1)
Subsequent Events (Note 14)

See accompanying notes to the consolidated financial statements.

Dynasty Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	Amount	Share-based Payment Reserve	Deficit	Total Shareholders' Equity
Balance, December 31, 2015	14,792,975	$ 34,461,479	$ 2,654,109	$ (36,377,049)	$ 738,539
Comprehensive loss	-	-	-	(215,916)	(215,916)
Balance, December 31, 2016	14,792,975	$ 34,461,479	$ 2,654,109	$ (36,592,965)	$ 522,623
Balance, December 31, 2016	14,792,975	$ 34,461,479	$ 2,654,109	$ (36,592,965)	$ 522,623
Private placement (Note 9)	2,668,000	333,500	-	-	333,500
Shares issuance costs (Note 9)	-	(19,378)	7,138	-	(12,240)
Stock-based compensation (Notes 9 and 10)	-	-	88,310	-	88,310
Comprehensive loss	-	-	-	(395,218)	(395,218)
Balance, December 31, 2017	17,460,975	$ 34,775,601	$ 2,749,557	$ (36,988,183)	$ 536,975

See accompanying notes to the consolidated financial statements.

Dynasty Gold Corp.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended December 31,		**2017**		**2016**
Expenses				
Consulting fees (Note 10)	$	93,150	$	78,150
Office expenses, rent and salaries		31,710		33,337
Professional fees (Note 10)		47,755		34,889
Project investigation costs		82,675		86,772
Regulatory and transfer agent fees		24,827		8,817
Shareholder communications		27,787		22,815
Stock-based compensation (Notes 9 and 10)		88,310		-
		396,214		**264,780**
Other items				
Loss on conversion of foreign currencies		2,267		3,486
Interest income		(814)		(2,350)
Accounts payable write off (Note 7)		(2,449)		(50,000)
		(996)		(48,864)
Comprehensive loss	**$**	**395,218**	**$**	**215,916**
Loss per share – basic and diluted	**$**	**(0.03)**	**$**	**(0.01)**
Weighted average number of common shares outstanding – basic and diluted		**15,385,052**		**14,792,975**

See accompanying notes to the consolidated financial statements.

Dynasty Gold Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended December 31,	**2017**	**2016**
Cash flows provided by (used in):		
Operating activities		
Net loss	$ (395,218)	$ (215,916)
Item not affecting cash:		
Stock-based compensation	88,310	-
Changes in non-cash working capital items:		
Receivables	(3,914)	2,032
Prepaid expenses	(474)	(64)
Accounts payable and accrued liabilities	38,302	(24,496)
	(272,994)	**(238,444)**
Financing activity		
Issue of share capital for cash, net issuance costs	321,260	-
	321,260	**-**
Investing activity		
Exploration and evaluation asset costs and expenditures	(12,323)	(16,927)
	(12,323)	**(16,927)**
Change in cash and cash equivalents	**35,943**	**(255,371)**
Cash and cash equivalents, beginning	**355,173**	**610,544**
Cash and cash equivalents, ending	**$ 391,116**	**$ 355,173**

See accompanying notes to the consolidated financial statements.

1. Nature of Business and Continuance of Operations

The Company was incorporated under of the laws of the province of British Columbia on December 12, 1985. The Company's principal office is located at 625 Howe Street, Suite 488, Vancouver, B.C. V6C 2T6. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's shares are listed on the TSX-Venture Exchange (the "Exchange") under the symbol "DYG".

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of its plans, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

a) Basis of presentation and statement of compliance

These consolidated financial statements have been prepared by management using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The Company's board of directors approved these consolidated financial statements for issue on April 23, 2018.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

All intercompany balances and transactions have been eliminated on consolidation.

c) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal right to explore are recognized in profit or loss.

2. Significant Accounting Policies (continued)

c) Exploration and evaluation expenditures (continued)

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

d) Site rehabilitation obligations

Site rehabilitation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the site rehabilitation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. The liability is accreted to its present value at each reporting period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

e) Impairment of non-current assets

Non-current assets (which consist of exploration and evaluation assets) are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell and the asset value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

f) Share-based payments

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 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 corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant Accounting Policies (continued)

g) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

h) Loss per share

Loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions including the exercise of options and warrants that would be anti-dilutive. For the years presented, the calculation of the diluted loss per share proved to be anti-dilutive. Accordingly, there is no difference in the amounts presented for the basic and diluted loss per share.

2. Significant Accounting Policies (continued)

i) Translation of foreign currencies

Transactions and balances:

The Company's functional and presentation currency is the Canadian Dollar. The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

- monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;
- non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions;
- revenue and expenses at the exchange rates prevailing on the date of the transaction; and
- Depreciation, amortization and other write-downs of long-lived assets translated at historical exchange rates are translated at the same exchange rate as the assets to which they relate.

Gains and losses on translation are included in profit or loss in the year in which they occur.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

j) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for site rehabilitation obligations and contingent liabilities.

2. Significant Accounting Policies (continued)

k) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

l) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company has no financial assets classified at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets classified as loans and receivables include cash and cash equivalents and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company has no financial assets classified as available-for-sale financial assets.

2. Significant Accounting Policies (continued)

l) Financial instruments (continued)

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative financial liabilities consists of accounts payable.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

3. Accounting Standards Issued but Not Yet Applied

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and has determined the adoption of this standard has no impact on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. Cash and Cash Equivalents

	December 31, 2017	December 31, 2016
Cash at bank	$ 318,116	$ 332,173
Bank term deposits	73,000	23,000
	$ 391,116	$ 355,173

5. Receivables

	December 31, 2017	December 31, 2016
GST receivable	$ 10,521	$ 6,892
Other receivables	389	104
	$ 10,910	$ 6,996

6. Exploration and Evaluation Assets

	Golden Repeat Property
Acquisition Costs	
Balance, December 31, 2016 and 2017	$ 127,000
Deferred Exploration Costs	
Balance, December 31, 2015	$ 232,476
Property expenditures	16,927
Balance, December 31, 2016	249,403
Property expenditures	12,323
Balance, December 31, 2017	$ 261,726
Total as at December 31, 2016	$ 376,403
Total as at December 31, 2017	$ 388,726

Golden Repeat Property, Nevada, USA

The Company owns a 100% interest in the Golden Repeat property, subject to 2% Net Smelter Royalty (“NSR”). The Company has the option to buy back 75% of the NSR for $1 million within three years of commencing production.

7. Accounts Payable and Accrued Liabilities

	December 31, 2017	December 31, 2016
Accounts payable	$ 29,388	$ 17,638
Amounts due to related parties (Note 10)	228,467	201,915
	$ 257,855	$ 219,553

(Expressed in Canadian dollars)

7. Accounts Payable and Accrued Liabilities (continued)

During the year ended December 31, 2017, the Company wrote off a payable from 2011 in the amount of $2,449 (2016 - $50,000).

8. Income Tax Expense and Deferred Tax Assets and Liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended December 31, 2017		Year ended December 31, 2016
Net loss	$	(395,218)	$	(215,916)
Statutory tax rate		26.0%		26.0%
Expected income tax recovery at the statutory tax rate		(102,757)		(56,138)
Non-deductible items and other		42,012		(107)
Temporary differences not recognized		60,745		56,245
Income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		December 31, 2017		December 31, 2016
Non-capital loss carry-forwards	$	5,589,800	$	5,367,394
Share issuance		9,792		-
Exploration and evaluation assets		16,575,997		16,574,559
	$	22,175,589	$	21,941,953

The tax pools relating to these deductible temporary differences expire as follows:

		Canadian non-capital losses		Exploration and evaluation assets
2026	$	707,881	$	-
2027		896,753		-
2029		799,360		-
2030		412,872		-
2031		492,236		-
2032		368,312		-
2033		777,041		-
2034		326,583		-
2035		370,441		-
2036		128,965		
2037		309,356		
No expiry		-		16,964,723
	$	5,589,800	$	16,964,723

(Expressed in Canadian dollars)

9. Share Capital

Authorized

Unlimited number of common shares without par value.

On September 6, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for 8 pre-consolidation common shares. No fractional shares were issued under the consolidation and any fraction was rounded down to the nearest whole number. All share figures and references are retroactively adjusted.

Share Issuances

On October 11, 2017, the Company closed a non-brokered private placement for 2,668,000 units at $0.125 per unit for gross proceeds of $333,500. Each unit consists of one common share and one common share purchase warrant expiring on October 11, 2019. No value was allocated to the warrants using the residual method. Each common share purchase warrant entitles the holder to purchase one common share at $0.20 for the first year and at $0.25 for the second year from closing. In connection with the private placement, the Company issued 62,300 finder's fee warrants. Each finder's fee warrants are exercisable at $0.20 per share in the first year and at $0.25 per share in the second year. The Company estimated the fair value of these finder's fee warrants to be $7,138 which was included in share issuance costs.

The fair value of the share purchase warrants and finder's fee warrants were determined using the Black-Scholes Option Pricing Model assuming an expected volatility of 150%, a risk-free interest rate of 1.54%, an expected life of 2 years and an expected dividend yield of 0.00%.

No shares were issued during the year ended December 31, 2016.

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the total issued and outstanding shares of the Company. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the market price of the shares or such other price as may be agreed to by the Company and accepted by the Exchange. All options granted under the Plan will become vested with the right to exercise one-fourth of the option immediately, and one-fourth of the option upon the conclusion of every six months subsequent to the date of the grant of the option, except options granted to consultants performing investor relations activities, which options will become vested to exercise one-fourth of the option upon every three months subsequent to the date of the grant of the option.

A summary of the status of the Company's stock options outstanding as of December 31, 2017 and 2016 and changes during the years then ended is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2015	406,250	$ 0.80
Expired	(406,250)	0.80
Balance, December 31, 2016	-	-
Granted	1,500,000	0.20
Balance, December 31, 2017	1,500,000	$ 0.20

(Expressed in Canadian dollars)

9. Share Capital (continued)

Total number of options exercisable as at December 31, 2017 is 375,000.

As at December 31, 2017, the following stock options are outstanding:

Issue date	Number of Options Outstanding	Expiry date	Weighted average exercise price
November 8, 2017	1,500,000	November 8, 2022	$ 0.20

The weighted average life of the stock options are 4.84 years.

On November 8, 2017, the Company granted 1,050,000 stock options to officers and directors of the Company and 450,000 stock options granted to advisors. These stocks options are exercisable at $0.20 expiring on November 8, 2022 and will vest over a period of 18 months. The fair value of these options was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected volatility	150%
Risk-free interest rate	1.56%
Expected life in years	5 years
Expected dividend yield	0.00%

For the year ended December 31, 2017, the Company recognized stock-based compensation expense of $88,310 (2016 - $Nil) relating to the stock options that vested during the year.

Warrants

A summary of the status of the Company's outstanding warrants as of December 31, 2017 and 2016 and changes during the years then ended is as follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2016	-	$ -
Issued	2,730,300	0.23
Balance, December 31, 2017	2,730,300	$ 0.23

As at December 31, 2017, the following warrants are outstanding:

Issue date	Number of Warrants Outstanding	Expiry date	Weighted average exercise price
October 11, 2017	2,668,000	October 11, 2019	$ 0.23
October 11, 2017	62,300	October 11, 2019	0.23
	2,730,300		$ 0.23

The weighted average life of the warrants are 1.77 years.

9. Share Capital (continued)

Share-based Payment Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. Related Party Balances and Transactions

Related Party Balances

Included in accounts payable and accrued liabilities is $228,467 (2016 - $201,915) due to directors and officers of the Company (Note 7). The amount is unsecured, non-interest bearing and due on demand.

Key Management Compensation

During the year ended December 31, 2017, the Company accrued $171,013 (2016 - $147,726) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the year ended December 31, 2017, the Company incurred stock-based compensation expense of $63,289 (2016 - $Nil) for options granted to the directors and officers of the Company (Note 9).

11. Segmented Information

The Company's activities are all in the industry segment of mineral property acquisition, exploration and development.

At December 31, 2017 and 2016, the Company's exploration and evaluation assets are located in the USA (Note 6).

12. Financial Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash of $391,116. Cash is held with a bank in Canada. As all of the Company's cash and cash equivalents is held by the same Canadian bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at December 31, 2017, the risk is considered minimal.

12. Financial Risk Management (continued)

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is minimal as the Company's transactions and financial instruments are primarily denominated in Canadian dollars.

The Canadian dollar equivalents of cash and cash equivalents denominated in United States dollars is $108,063.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. As at December 31, 2017, the risk is considered minimal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at December 31, 2017, this risk is considered high.

13. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

The capital structure of the Company consists of equity and cash and cash equivalent. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

14. Subsequent Events

a) On February 1, 2018, the Company signed an option agreement with Teck Resources Ltd. ("Teck") to acquire a 100% interest in the Thundercloud gold property, located in the Archean Manitou-Stormy Lakes greenstone belt in Ontario. Pursuant to the agreement, the Company has an option to earn up to a 100% interest in the property by spending $6,000,000 over five years and by issuing 1,000,000 common shares of the Company to Teck. The first 500,000 common shares are to be issued within seven days of the Exchange's approval of the option agreement (issued) and the second 500,000 common shares are to be issued on the first anniversary of signing of the agreement. The Company must spend $300,000 in mandatory expenditures in the first year.

Teck retains a back-in right to earn back to a 65-per-cent interest in the property by spending $15-million over four years. Teck can elect to pursue the back-in right by delivering notice within 90 days following receipt of the Company's expenditure notice. If the back-in right is not exercised, Teck would retain a 2-per-cent net smelter return royalty that can be reduced by the Company to a 1.5-per-cent net smelter return royalty by making a cash payment of $1,000,000 to Teck.

b) On February 28, 2018, the Company closed a private placement of 1,775,000 units for gross proceeds of $355,000 (issued). Each unit consists of one common share at $0.20 and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.30 for the first year and at $0.40 for the second year from closing. The Company shall have the right to call the outstanding warrants for expiry upon 30 days' notice in the event that the closing price of the common shares of the Company on the Exchange is above $0.50 for 10 consecutive trading days. The units issued under the private placement are subject to a four-month hold period from the date of closing.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

DYNASTY GOLD CORP.
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DYNASTY GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

INTRODUCTION

This management's discussion and analysis ("MD&A") was prepared as of April 30, 2018 and is management's assessment of Dynasty Gold Corp.'s (the "Company") operating results and financial condition. This MD&A should be read in conjunction with audited annual consolidated financial statements and related notes for the year ended December 31, 2017. The audited consolidated financial statements for the year ended December 31, 2017 are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

Dynasty Gold Corp. is listed on TSX Venture Exchange under the ticker "DYG" and Frankfurt Exchange.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

COMPANY OVERVIEW

Dynasty Gold Corp. is a Canadian-based, junior company which is engaged in the acquisition, exploration and development of mineral properties; its 100% owned Golden Repeat property is located in Elko County, Nevada, United States. The Company has entered an option agreement with Teck Resources to earn in to a 100% interest in a gold property in Western Ontario. The Company's focus is on mineral exploration in the Americas.

The Company also owns 70% interest in the Hatu Qi-2 gold resource in the Xinjiang Province of China. The remaining 30% is owned by Western Region Gold Co. Ltd. (formerly Jinge Gold Mining Ltd.), a 100% owned subsidiary of a State-owned company Xinjiang Non-Ferrous Metal Industry (Group) Ltd. ("XNF").

XNF and its subsidiary have included the Hatu Qi-2 gold resource in an IPO listing on the Shanghai Stock Exchange, but without acknowledging Dynasty Gold Corp.'s legal rights and interests in the property. The Company is currently in dispute with XNF and its subsidiary on this matter.

Dynasty's short-term strategy is to explore existing gold properties in North America and continue to evaluate other quality assets to add to its portfolio. Its long-term strategy is to develop such exploration projects into properties with demonstrable technical feasibility and commercial viability, and ultimately into producing mines.

As of the date of this MD&A, the Company has not engaged in any production, nor found any proven reserves on any of its projects other than the Hatu Qi-2 gold asset which hosts a 43-101 compliant gold resource of 536,000 oz.

The Company is a reporting issuer in British Columbia and in Alberta.

MINERAL EXPLORATION PROJECTS

NEVADA, USA

Golden Repeat Property

Overview

The Golden Repeat property consists of 49 claims located on the north slope of the Midas Trough, along the Carlin Trend, within the Northern Nevada Rift. These claims have many geological similarities to the well-known Midas Gold District. Eighteen kilometers (10 miles) east of the property is Klondex's Midas mine that was previously owned by Newmont until February 2014 (3 million ounce gold reserves at 31g/t)—an epithermal, bonanza-type gold-silver bearing system. Additionally, three major sediment-hosted gold mines, Barrick's Getchell-Turquoise Ridge, Atna's Pinson Mines and Newmont's Twin Creeks Mine, lie 15-24 kilometers (8-13 miles) west of the property. Two distinct targets exist on the property. One is a volcanic-hosted epithermal occurrence, similar to the Midas Mine gold-silver deposit of Klondex/Hecla. The other target is for a sediment-hosted gold occurrence underlying Tertiary volcanic rocks. The property was drilled by Goldfields from 1992 to 1994 and by Romarco in 1997/1998.

On January 12, 2011, the Company entered into an option agreement with Mill Bay Ventures Inc. ("Mill Bay") to acquire up to a 70% interest, subject to a 3% net smelter return royalty ("NSR"), in the Golden Repeat property situated in the Midas region of north-central Nevada. On July 30, 2013, the Company acquired a 100% interest in the Property, subject to 2% NSR, for $12,000 in cash and 62,500 common shares with a fair value of $10,000. The Company has the option to buy back 75% of the NSR for $1-million within three years of commencing production. The Company is also required to issue an additional 62,500 common shares if proven gold or gold equivalent reserves exceed 500,000 ounces at commercial viable production grade.

The Company carried out a surface exploration program in July 2011. Its objective was to follow up drill targets identified by Yamana during their work on the property from 2007 to 2009. Forty-one rock chip samples were taken on the eastern and southern parts of the property and in adjacent areas peripheral to it. One float sample returned 10 g/t gold. Another sample that carried 1 g/t of gold came from an outcropping vein located near an existing road and drill sites. Three reverse circulation holes were drilled totaling 816 meters to intersect the outcropping Clover vein system and a separate structural target previously proposed by Yamana. The assay results of 576 drill samples were consistent with the previous Romarco and Yamana results in the vicinity. The first hole (DG 1) was drilled to a depth of 304 meters and encountered 0.569 g/t gold over 1.7 meters at 296 meters, and the second hole (DG-2) intercepted similar mineralization but returned no significant gold values.

The third drill hole (DG-3), drilled to 285 meters, hit a well-mineralized zone at the top of a rhyolite formation at 130 meters and intersected 12.2 meters of mineralization that averaged 1.14 g/t gold, 9.0 g/t silver, and 968 ppm arsenic. Within this interval the best intercept was 3.4 g/t gold and 44.6 g/t silver over 1.7 meters. That suggests that the altered rhyolite unit at shallow depth is a favorable target host for the mineralized Midas-style epithermal quartz veins.

On October 8, 2017, the Company renewed the Golden Repeat drill permit by depositing additional bond funds with the Bureau of Land Management (BLM) in Elko County, Nevada, United States.

The Company received the drill permit on November 8, 2017.

Activities during the year ended December 31, 2017

During the year, the Company's exploration activities were mainly related to review and investigation of potential new projects.

Activities during the year ended December 31, 2016

During the year, the Company initiated a surface program including mapping and rock sampling on the Golden Repeat property. The goal was to trace the Midas-style high grade gold and silver mineralization found on the adjacent Clover property onto the Golden Repeat property. The result indicates an extension of the Clover Vein gold-silver mineralization onto the Golden Repeat property that split into two cymoid loop fault strands trending north-northwest that contained local epithermal vein quartz mineralization. The Company also reviewed a number of early stage and advanced stage exploration projects in Canada and in South America.

MANAGEMENT CHANGES

There were no management changes in the fourth quarter of 2017.

FINANCIAL DATA

Selected Annual Financial Information

The following table sets forth selected financial information for and as of the end of the periods indicated. The Financial Statements may be accessed at www.sedar.com. Readers are encouraged to review the Financial Statements in their entirety.

Fiscal Years Ended December 31

	2017	*2016*	*2015*
Interest and other income	$ 814	$ 2,350	$ 3,827
Net loss before other items	(396,214)	(264,780)	(357,008)
Mineral properties write-off net of credits	-	-	-
Net loss	(395,218)	(215,916)	(335,583)
Net loss per share (basic and fully diluted)	(0.03)	(0.01)	(0.02)
Total assets	$ 794,830	$ 742,176	$ 982,588

Selected Quarterly Financial Information

The following financial information is derived from the unaudited consolidated interim financial statements:

	December 31, 2017	*September 30, 2017*	*June 30, 2017*	*March 31, 2017*	*December 31, 2016*	*September 30, 2016*	*June 30, 2016*	*March 31, 2016*
Other Items	$ 358	$ 177	$ 164	$ 297	$ 345	$ 553	$ 686	$ 766
Net Loss	(184,286)	(75,403)	(81,285)	(54,244)	(94,199)	(45,032)	(50,018)	(26,667)
Net Loss Per Share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	$ 794,830	$ 694,638	$ 590,470	$ 671,862	$ 742,177	$ 801,054	$ 878,101	$ 958,795

Results of Operations

During the three months ended December 31, 2017, the Company reported a net loss of $184,286 or $(0.01) per share (2016 - $94,199 or $(0.00) per share). The increase in net loss of $90,087 in comparison to the same quarter of last year was mainly attributed to increase in office expenses of $4,002, professional fees of $4,841, regulatory fees of $6,530 and stock-based compensation of $88,310 incurred for the quarter. These expenses were also offset by the decrease in project investing costs of $6,697 and shareholder communication of $3,400. The Company continues to keep corporate expenses to a minimum and focus on new project evaluation and advancing its Nevada project.

During the year ending December 31, 2017, the Company reported a net loss of $395,218 or $(0.03) per share (2016 - $215,916 or $(0.00) per share), a difference of $179,302. $50,000 of the difference is due to accounts payable write off in 2016, which lowered the 2016 expenses by the same amount. The actual increase in expenses in 2017 compared with 2016 was $129,302. The increase was largely due to recognizing stock-based compensation costs of $88,310. Other increases include consulting fees of $15,000, professional fees of $12,866, and regulatory fees of $16,010. These increases were attributed to annual general meeting expenses and stock consolidation costs. The Company's goal is to keep corporate expenses low to avoid unnecessary dilution.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2017, the Company had working capital of $148,249 which included cash and short-term investments of $391,116 (2016 - $146,220 which included cash and short-term investments of $355,173).

Net cash flow used in operating activities for the three months ended December 31, 2017 was $52,169 (2016 - $60,234). The change in non-cash working capital resulted in $43,807 cash inflow during the three months ended December 31, 2017, compared to $33,965 cash inflow in same quarter of last year. The cash inflow of $43,807 from non-cash working capital was mainly attributable to the increase in accounts payable and accrued liabilities of $47,373.

Net cash flow used in operating activities for the year ended December 31, 2017 was $272,994 (2016 - $238,444). The change in non-cash working capital resulted in $33,914 cash inflow during the year ended December 31, 2017, compared to $22,528 cash outflow in 2016. The cash inflow of $33,914 from non-cash working capital was mainly attributable to the increase in accounts payable and accrued liabilities of $38,302.

Net cash flow provided from financing activities for the three months ended December 31, 2017 was $148,795 (2016 - $Nil), which was primarily related to the issuance of common shares.

Net cash flow provided from financing activities for the year ended December 31, 2017 was $321,260 (2016 - $Nil), which was primarily related to the issuance of common shares.

Net cash flow used in investing activities for the three months ended December 31, 2017 was $1,208 (2016 - $1,313), which was primarily related to the exploration and evaluation asset costs and expenditures.

Net cash flow used in investing activities for the year ended December 31, 2017 was $12,323 (2016 - $16,927), which was primarily related to the exploration and evaluation asset costs and expenditures.

SHARE CAPITAL

The following information is provided as at December 31, 2017:

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 17,460,975

Warrants – 2,730,300

Options – 1,500,000

The following information is provided as at April 30, 2018:

Issued and outstanding common shares – 19,735,975

Warrants – 4,505,300

Options – 1,500,000

Share Purchase Warrants

As at December 31, 2017, 2,668,000 and 4,443,000 as at April 30, 2018 purchase warrants are outstanding and exercisable.

Finder's Fee Warrants

As at December 31, 2017 and as at April 30, 2018, 62,300 finder's fee warrants are outstanding and exercisable.

Stock Options

As at December 31, 2017 and as at April 30, 2018, 1,500,000 stock options are outstanding and exercisable.

RELATED PARTY BALANCES AND TRANSACTIONS

Related Party Balances

Included in accounts payable and accrued liabilities is $228,467 (2016 - $201,915) due to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

Key Management Compensation

During the three months ended December 31, 2017, the Company accrued $48,575 (2016 - $48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the year ended December 31, 2017, the Company accrued $171,013 (2016 - $147,726) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the three months ended December 31, 2017, the Company incurred stock-based compensation of $63,289 (2016 - $Nil) for options granted to the directors and officers of the Company.

During the year ended December 31, 2017, the Company incurred stock-based compensation of $63,289 (2016 - $Nil) for options granted to the directors and officers of the Company.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OUTLOOK

Economic growth around the world remains steady despite uncertainties resulting from geopolitical tension and noise involving trade talks among the Americas, the US and China. Demand for commodities is largely driven by economic growth and infrastructure construction occurring mainly in the developing world. The super-growth cycle in China is moderating, hence demand for base metals may be slowing down.

Gold will always be a wealth-preserving tool and a safe-haven asset for investors in turbulent times, and has been increasing in price since late 2015. But the creation and early growth of cryptocurrencies has provided investors with another option. Recent interest rate hikes have also put a dent in gold's rate of appreciation. The easing of geopolitical tension between North Korea and the United States, and the trade war dispute between the United States and China have at least for now been moved to the back burner. Despite all of these factors, the underlying support level for gold has been surprisingly strong, staying at $1,300 per oz. The determining factor for the price of gold, in the near term, has to be rate hike-related and a possible strengthening of the U.S. dollar, but another major geopolitical event could trigger a quick return of funds to this safe-haven asset.

While markets are improving, capital for early stage projects is still tight. However, it is encouraging to see that some companies with good exploration results have attracted new capital and market attention.

At the Company, we are in preparation for the upcoming exploration program and will make an announcement in due course. One of the Company's mandates is to continue to evaluate projects of merit to build up a portfolio of projects to add to shareholder value.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING PRINCIPLES

The Company's accounting policies are presented in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited annual consolidated financial statements using accounting policies consistent with International Financing Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests, environment obligations, the variables used in the determination of the fair value of stock options granted and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2017.

MATERIAL PROCEEDINGS

The Company is not a party to any material proceedings.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. There have been no significant changes in the Company's disclosure controls during the year ended December 31, 2017 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

1. Industry

Dynasty is engaged in the exploration for and development of mineral properties, which involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that the Company's exploration efforts will result in discoveries of commercial mineral deposits.

2. Gold and Metal Prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, currency fluctuation, demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

3. Cash Flow and Additional Funding Requirements

The Company currently has no revenue from operations. Additional capital would be required to identify and explore property in the future. The sources of funds currently available to the Company are the sale of equity capital. Although the Company presently has sufficient financial resources to undertake project review and evaluation, and the Company has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

4. Exchange Rate Fluctuations

At the present, the Company has an exploration project in the United States. The Canadian dollar has depreciated over ten percent against the US dollar in the last two years. However, the company has converted enough cash into US currency when the exchange rate was more favorable, at par. Therefore, we do not anticipate lower Canadian dollar will have immediate effect on our operation. If the currency trend is to continue and the Company decides to take on a major exploration program, it will affect the Company's cash outflow.

SUBSEQUENT EVENTS

On February 1, 2018, the Company signed an option agreement with Teck Resources Ltd. ("Teck") to acquire a 100% interest in the Thundercloud gold property, located in the Archean Manitou-Stormy Lakes greenstone belt in Ontario. Pursuant to the agreement, the Company has an option to earn up to a 100% interest in the property by spending $6,000,000 over five years and by issuing 1,000,000 common shares of the Company to Teck. The first 500,000 common shares are to be issued within seven days of the Exchange's approval of the option agreement and the second 500,000 common shares are to be issued on the first anniversary of signing of the agreement. The Company must spend $300,000 in mandatory expenditures in the first year.

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On February 28, 2018, the Company closed a private placement of 1,775,000 units for gross proceeds of $355,000. Each unit consists of one common share at $0.20 and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.30 for the first year and at $0.40 for the second year from closing. The Company shall have the right to call the outstanding warrants for expiry upon 30 days' notice in the event that the closing price of the common shares of the Company on the Exchange is above $0.50 for 10 consecutive trading days. The units issued under the private placement are subject to a four-month hold period from the date of closing.