

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2018

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

NOTICE TO READER

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, Harvest Gold Corporation (the "Company") discloses that its auditors have not reviewed the unaudited interim financial statements.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended December 31, 2018 ("Financial Statements") have been prepared by management. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2018, which are available at the SEDAR website www.sedar.com. The Financial Statements are stated in Canadian dollars, unless other indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	December 31, 2018	March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 538,689	\$ 70,733
GST receivable		10,276	1,808
Prepays		9,948	9,948
		558,913	82,489
Reclamation bond	7	15,983	15,983
Exploration and evaluation assets	6	1,476,940	321,783
Investment in subsidiary – held for sale	6	154,360	192,753
TOTAL ASSETS		\$ 2,206,196	\$ 613,008
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8,10	\$ 74,779	\$ 82,999
Advances payable	9	-	55,500
TOTAL LIABILITIES		74,779	138,499
SHAREHOLDERS' EQUITY			
Share capital	11	14,664,940	12,391,663
Share-based payment reserve	11	1,927,663	1,584,466
Subscriptions received in advance		-	10,000
Deficit		(14,461,186)	(13,511,620)
TOTAL SHAREHOLDERS' EQUITY		2,131,417	474,509
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,206,196	\$ 613,008

Nature and continuance of operations (Note 1)

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2017
EXPENSES				
Consulting fees	\$ 24,000	\$ 17,535	\$ 82,424	\$ 63,655
Management fees	77,000	18,500	117,500	55,500
Office and miscellaneous	5,739	8,254	19,150	15,283
Professional fees	7,315	2,638	72,907	43,100
Promotion and advertising	6,526	-	366,526	-
Property investigation	3,600	-	23,533	-
Share-based payments (options set)	188,661	-	319,374	-
Transfer agent, filing fees and shareholder relations	4,821	1,161	29,348	15,590
	<u>(317,443)</u>	<u>(48,088)</u>	<u>(1,030,543)</u>	<u>(193,128)</u>
OTHER ITEMS				
Option payments received on exploration and evaluation assets	-	-	25,977	24,177
Write-off of advances payable	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>80,977</u>	<u>24,177</u>
Loss and comprehensive loss for the period	\$ (317,443)	\$ (48,088)	\$ (949,566)	\$ (168,951)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	88,472,574	51,782,864	82,477,856	51,547,655

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	Share capital		Share-based payment reserves	Investment revaluation reserve	Subscriptions received in advance	Deficit	Total
		Number of shares	Amount					
Balance at March 31, 2017		50,782,864	12,341,663	1,572,378	-	-	(12,331,038)	1,583,003
Comprehensive loss:								
Net loss for the period		-	-	-	-	-	(168,951)	(168,051)
Transactions with owners, in their capacity as owners, and other transfers:								
Shares issued for mineral properties	4,11	1,000,000	50,000	-	-	-	-	50,000
Balance at December 31, 2017		51,782,864	12,391,663	1,572,378	-	-	(12,499,989)	1,464,052
Balance at March 31, 2018		51,782,864	\$ 12,391,663	\$ 1,584,466	\$ -	\$ 10,000	\$ (13,511,620)	\$ 474,509
Comprehensive loss:								
Net loss for the period		-	-	-	-	-	(949,566)	(949,566)
Transactions with owners, in their capacity as owners, and other transfers:								
Share-based payments		-	-	130,713	-	-	-	130,713
Shares issued for cash		20,642,000	1,067,100	-	-	(10,000)	-	1,057,100
Share issuance cost		-	(44,823)	23,823	-	-	-	(21,000)
Shares issued on option exercise		2,650,000	159,000	-	-	-	-	105,000
Shares issued on warrant exercise		13,650,000	1,092,000	-	-	-	-	1,012,000
Balance at December 31, 2018		88,724,864	\$ 14,664,940	\$ 1,927,663	\$ -	\$ -	\$ (14,461,186)	\$ 2,131,147

See accompanying notes to the condensed consolidated interim financial statements

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Nine months ended	
	December 31, 2018	December 31, 2017
Operating activities		
Net loss for the period	\$ (949,566)	\$ (168,951)
Adjustments for:		
Share-based payment (options set)	319,374	-
Write-off of advances payable	(55,000)	-
Changes in non-cash working capital items:		
GST receivable and prepaid	(8,468)	(4,563)
Trade payables and accrued liabilities	(8,220)	16,742
Net cash flows used in operating activities	(701,380)	(156,772)
Investing activities		
Expenditures on exploration and evaluation assets	(1,155,157)	(432,006)
Payment received on held-for-sale asset	38,393	-
Net cash flows used in investing activities	(1,116,764)	(432,006)
Financing activities		
Common shares issued for cash, net	2,287,100	-
Net cash flows provided by financing activities	2,287,100	-
Change in cash and cash equivalents	467,956	(588,778)
Cash and cash equivalents, beginning	70,733	722,760
Cash and cash equivalents, ending	\$ 538,689	\$ 133,982

Supplemental cash flow information:

During the nine months December 31, 2017, the Company issued 1,000,000 common shares valued at \$50,000 for the acquisition of an exploration and evaluation asset.

During the nine months December 31, 2018, the Company issued 420,000 agent warrants valued at \$23,823.

1. NATURE AND CONTINUANCE OF OPERATIONS

Harvest Gold Corporation (the “Company” or “Harvest”) was incorporated on June 28, 2005, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company is a Tier 2 Mining Issuer listed and trading on the TSX Venture Exchange (“TSX-V”).

The head office, principal address, records office and registered address of the Company are located at 750 West Pender Street, Suite 804, Vancouver, British Columbia, Canada, V6C 2T7.

On July 27, 2016, the Company completed the acquisition of all of the issued and outstanding common shares of Canasur Gold Limited (“Canasur”), which included the accounts of Canasur Goldmines N.V., Canasur Gold Limited N.V. and Carminco N.V. As outlined in Note 4. Subsequent to March 31, 2018, the Company sold its 100% investment in the common shares of Canasur. See Note 15.

The Company’s principal business activities is the exploration of natural resource properties. The recovery of the Company’s investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The exploration and evaluation properties in which the Company currently has an interest in are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

These unaudited condensed consolidated interim 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.

The financial statements were authorized for issue on February 28, 2019 by the Board of Directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

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

These unaudited condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2018.

Basis of preparation

These condensed consolidated interim financial statements 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, which unless otherwise noted, is the Company’s functional currency.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Harvest Gold Corporation (US), Canasur, Canasur Goldmines N.V., Canasur Gold Limited N.V. and Carminco N.V. All intercompany transactions and balances have been eliminated upon consolidation.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, 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 and provisions for restoration and environmental obligations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

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;
- the determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the Company and its subsidiaries.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the Company's subsidiary is the Canadian dollar.

Transactions and balances:

Foreign currency transactions are translated into their functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

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

- Monetary assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of such foreign operations are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events for exploration and evaluation asset impairment are defined in *IFRS 6 Exploration and evaluation of mineral resources* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

Exploration and evaluation assets (cont'd)

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Restoration and environmental obligations (cont'd)

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Impairment of assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs and for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

Financial instruments

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged. The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

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.

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.

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.

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. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

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 asset 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 impairment has arisen.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. If the calculation results in an anti-dilutive effect then only basic income or loss per share is presented.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss/income.

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 is provided using the asset and liability method of temporary differences at the reporting date 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, only 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.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Share capital (cont'd)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to an employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment

exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

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

4. ACQUISITION OF CANASUR

On July 27, 2016, the Company completed the acquisition of all the outstanding common shares of Canasur. The acquisition was conducted by way of an Amalgamation Agreement (the "Amalgamation Agreement") and resulted in Canasur becoming a wholly-owned subsidiary of the Company.

For accounting purposes, the acquisition of Canasur has been recorded as an asset acquisition as Canasur did not have the necessary inputs and processes capable of producing outputs required to meet the definition as defined by *IFRS 3, Business Combinations*.

The consideration paid was the issuance of 16,822,539 common shares of the Company to the shareholders of Canasur, which were recorded at a fair value of \$672,902.

The fair value of identifiable assets acquired and liabilities assumed resulting from the acquisition of Canasur were as follows:

Assets acquired and liabilities assumed from Canasur		
Exploration and evaluation assets	\$	1,281,254
Bank indebtedness		(640)
Trade payables and accrued liabilities		(65,180)
Advances payable		(76,090)
<hr/>		
Net assets acquired from Canasur		1,139,344
Net assets acquired in excess of consideration		(466,442)
Consideration	\$	672,902

The net assets acquired in excess of the consideration was recorded as a reduction of the carrying value of the exploration and evaluation assets acquired. See Note 6.

During the period ended December 31, 2018, the Company sold its 100% investment in the common shares of Canasur. See Notes 6 and 15.

5. CASH AND CASH EQUIVALENTS

	December 31, 2018	March 31, 2018
Cash	\$ 538,689	\$ 70,733
Short-term deposits	-	-
	\$ 538,869	\$ 70,733

6. EXPLORATION AND EVALUATION ASSETS

	Rosebud Gold Mine	Goliat-Tibiti	Cerro Cascaron	Total
Acquisition:				
Balance, March 31, 2017	-	814,812	-	814,812
Additions	-	-	50,000	50,000
Sale of Canasur (Note 15)	-	(814,812)	-	(814,812)
Total, March 31, 2018	-	-	50,000	50,000
Additions	-	-	-	-
Sale of Canasur (Note 15)	-	-	-	-
Total, December 31, 2018	-	-	50,000	50,000
Exploration:				
Balance, March 31, 2017	-	167,931	-	167,931
Geological and field costs	-	167,549	271,783	439,332
Sale of Canasur (Note 15)	-	(335,480)	-	(335,480)
Total, March 31, 2018	-	-	271,783	271,783
Geological and field costs	-	-	125,662	125,662
Drilling advances	-	-	1,029,495	1,029,495
Total, December 31, 2018	-	-	1,426,940	1,426,940
Balance, December 31, 2018	\$ -	\$ -	\$ 1,051,783	\$ 1,476,940

Rosebud Gold Mine Property, Nevada, USA

On November 16, 2006, the Company signed a letter of intent to acquire a 100% interest in certain mining claims comprising the Rosebud Gold Mine Property located in Nevada, USA.

Upon earning a 100% interest, on December 15, 2011, the Company was obligated on an annual basis to pay an advance royalty payment of US\$50,000 (the "Newmont Royalty") until the property is placed into production and is to be recovered from any actual future mineral production royalty payments.

The Rosebud Gold Mine Property is subject to a 3% Net Smelter Royalty ("NSR"), which the Company has the option to purchase 1.5% of the NSR for \$2,250,000.

On November 23, 2015, the Company entered into an option agreement with Rosebud Exploration LLC ("RE"), a private Nevada corporation, whereby RE was granted an option to acquire a 100% right to the Rosebud Gold Mine Property as follows:

Date	Payment
Upon execution of the agreement	US\$25,000 (CDN\$32,298 received)
Within 10 days of execution of the agreement	US\$50,000 towards the Newmont Royalty (paid)
On or before July 31, 2016	All filing fees (paid)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

At March 31, 2016, the Company wrote-down the Rosebud Gold Mine Property to \$100,000 to reflect its net recoverable value. During the year ended March 31, 2017, RE exercised its option to purchase the Rosebud Gold Mine Property and paid the Company CDN\$100,000.

As RE has exercised its option to purchase, it will also be committed to paying CDN\$1,000,000 to the Company within 30 days of RE receiving funding designed to commission and construct a mine on the Rosebud Gold Mine Property. Upon exercising its option, RE has assumed all obligations of the Company in respect of the Newmont Royalty, filing fees and the 3% NSR.

Goliat-Tibiti, Suriname

Pursuant to the Amalgamation Agreement, the Company acquired Canasur's 100% exploration interest in the Goliat-Tibiti property located in Suriname (Note 4). The property is subject to an agreement requiring the Company to, among other conditions:

- a) Pay an annual fee equal to 12% of certain exploration costs, subject to an annual maximum of US \$50,000; and
- b) A net smelter royalty of 1.0%, which can be repurchased by the Company at any time for US \$1,800,000.

During the quarter ended December 31, 2018, the Company entered into a Share Option Agreement to sell its 100% interest in Canasur for \$192,752 (US\$150,000) (Note 4 and 6). Accordingly, at March 31, 2018, the Company derecognized the assets and liabilities of Canasur from the consolidated statements of financial position and recognized a corresponding loss associated with the sale, as follows:

	December 31, 2018
Exploration and evaluation assets	\$ 1,150,292
Trade payables	(6,252)
	<u>1,144,040</u>
Loss on sale of subsidiary (as at March 31, 2018)	(951,288)
Funds received on sale (US\$30,000)	(38,392)
Net investment held for sale	<u>\$ 154,360</u>

The consideration of US\$150,000 is payable in 90-day increments beginning July 31, 2018, by way of a promissory note, with final payment due on or before November 1, 2019. The sale is secured by a pledge of the 100% interest in Canasur.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Cerro Cascaron, Mexico

On June 7, 2017, as last amended on April 17, 2018, the Company entered into an Option Agreement (the “Option Agreement”) to acquire up to an 80% interest in the Cerro Cascaron Project located in Mexico. Under the terms of the Option Agreement, the Company can earn an initial 70% interest (the “Initial Interest”) in the Cerro Cascaron Project as follows:

Date	Payment
On or before June 10, 2017	Issuance of 1,000,000 common shares (issued) (Note 11)
On or before June 7, 2018 (amended to December 31, 2018 for a subsequent payment of \$30,000)	Fund exploration of \$1,000,000 and pay \$200,000.
On or before June 7, 2019	Fund further exploration of \$1,000,000 and pay \$100,000.
On or before June 7, 2020	Fund further exploration of \$1,000,000 and pay \$100,000
On or before June 7, 2021	Fund further exploration of \$1,000,000 and pay \$100,000.

During the Initial Interest period, the Company can defer exploration expenditures at the end of the first, second or third anniversary for 12 months by making quarterly cash payments of \$25,000 and maintaining all other cash payments and claim maintenance costs.

Once the Company has earned its Initial Interest, it will have a 90 day period during which it can elect to earn an additional 10% in the Cerro Cascaron Project by making a cash payment of \$200,000 (or issuing 200,000 common shares) and fund a NI 43-101 compliant feasibility study over a five years period. Minimum annual exploration expenditures of \$2 million are required during this period and a \$200,000 cash payment is to be made if the minimum expenditures are not met by the Company.

The Cerro Cascaron Project is subject to a 2% NSR.

7. RECLAMATION BOND

As at December 31, 2018, the Company had a reclamation bond issued with the Nevada Division of Minerals in the amount of US\$12,322 (CDN - \$15,983) (2017 - US\$12,322 (CDN - \$15,983)) to guarantee reclamation of the environment of the Rosebud Gold Mine Property.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2018	March 31, 2018
Trade payables	\$ 22,779	\$ 30,999
Accrued liabilities (Note 10)	52,000	52,000
	\$ 74,779	\$ 82,999

9. ADVANCES PAYABLE

At December 31, 2018, recorded in advances payable is \$Nil (March 31, 2018 - \$55,500) of which \$Nil and US\$Nil (CDN \$Nil) (March 31, 2018 - \$15,000 and US\$4,131 (CDN \$5,000)) are due to a related party (Note 10) and US\$Nil (CDN \$Nil) (March 31, 2018 – US\$35,000 (CDN \$45,500)) due to an arm’s length party. The advances are non-interest bearing, unsecured and repayable from proceeds of future financing in excess of \$1,000,000. The advances have a term of two years, at which time the advances are extinguishable at the Company’s discretion, if financing efforts have not been successful.

During the period ended December 31, 2018, the two-year period expired and this amount is no longer due and payable. The Company has written off the advances to statement of loss.

10. RELATED PARTY TRANSACTIONS

a. Contractual commitment with related parties

On January 1, 2015, the Company entered into a management agreement with an officer and director to fulfil the role as Chief Executive Officer for a period of 5 years for a monthly rate of \$4,000 per month. In October 2016, the contract was renewed at a new monthly rate of \$5,000. In October of 2018, the contract was renewed at a new monthly rate of \$7,500 with a bonus payment of \$40,000 for past services rendered to the Company.

b. Transactions with related parties

During the period ended December 31, 2018, the Company paid \$12,000 (2017 - \$9,000) of consulting fees and \$117,500 (2017 - \$55,500) of management fees to officers and directors and companies controlled by officers and directors of the Company.

As at December 31, 2018, included in advances payable is \$Nil (March 31, 2018 - \$10,000) owing to a director of the Company (Note 9).

c. Transactions with key management personnel

	Nine months ended	
	December 31, 2018	December 31, 2017
Management and consulting fees	\$ 129,500	\$ 64,500

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the nine months ended December 31, 2018, the Company completed a private placement of 17,142,000 units at a price of \$0.05 per unit, in several tranches, raising gross proceeds of \$857,100. Each unit consists of one common share and one transferable common share purchase warrant exercisable at \$0.10 per share for a period of two years. The Company paid a finder's fees of 8% cash on a portion of the placement totalling \$21,000 and issued 8% warrants on a portion of the placement totalling 420,000 warrants valued at \$23,823 using the Black-Scholes Option Pricing Model. The assumptions included volatility of 190.60%, a risk-free interest rate of 1.65% and a two year term.

During the nine months ended December 31, 2018, the Company completed a private placement of 3,500,000 units at a price of \$0.06 per unit raising gross proceeds of \$210,000. Each unit consists of one common share and one transferable common share purchase warrant exercisable at \$0.12 per share for a period of two years.

During the nine months ended December 31, 2018, the Company issued 2,650,000 common shares on the exercise of stock options for proceeds of \$159,000 and issued 13,650,000 common shares on the exercise of warrants for proceeds of \$1,092,000.

During the year ended March 31, 2018, the Company issued 1,000,000 common shares valued at \$50,000 pursuant to the acquisition of exploration and evaluation assets (Note 6).

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.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Vesting periods are determined by the Board of Directors.

11. SHARE CAPITAL (cont'd)

Stock options (cont'd)

On December 18, 2018, the Company granted 4,370,000 incentive stock options to certain directors, officers and consultants of the Company, exercisable at a price of \$0.075 per common share, expiring on August 9, 2023. The estimated grant date fair value of these options was \$130,713 using the Black-Scholes Option Pricing Model. The assumptions included volatility of 190.60%, a risk-free interest rate of 1.65% and a five-year term.

On August 9, 2018, the Company granted 1,800,000 incentive stock options to certain directors, officers and consultants of the Company, exercisable at a price of \$0.075 per common share, expiring on August 9, 2023. The estimated grant date fair value of these options was \$188,661 using the Black-Scholes Option Pricing Model. The assumptions included volatility of 190.60%, a risk-free interest rate of 1.65% and a five-year term.

During the year ended March 31, 2018, the Company granted 250,000 stock options, exercisable at a price of \$0.06 per common share, expiring on May 4, 2022. The estimated grant date fair value of these options was \$12,088 using the Black-Scholes Option Pricing Model. The assumptions included volatility of 193.06%, a risk-free interest rate of 1.06% and a five-year term.

The changes in options during the nine months ended December 31, 2018 and year ended March 31, 2018 are as follows:

	Nine months ended December 31, 2018		Year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	4,675,000	\$ 0.06	4,425,000	\$ 0.06
Options granted	6,170,000	0.075	250,000	0.06
Options cancelled	(300,000)	0.06	-	-
Options exercised	(2,650,000)	0.06	-	-
Options outstanding, end of period	7,895,000	\$ 0.064	4,675,000	\$ 0.06

As at December 31, 2018, the Company had the following options outstanding:

Grant Date	Expiry date	Number of options	Exercise price
December 8, 2016	December 8, 2021	1,475,000	\$ 0.06
May 4, 2017	May 4, 2022	250,000	0.06
August 9, 2018	August 9, 2023	1,800,000	0.075
December 18, 2018	December 18, 2023	4,370,000	0.075
Balance at December 31, 2018		7,895,000	

11. SHARE CAPITAL (cont'd)

Warrants

The changes in warrants during the nine months ended December 31, 2018 and year ended March 31, 2018 are as follows:

	Nine months ended December 31, 2018		Year ended March 31, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	27,080,800	\$ 0.10	27,080,800	\$ 0.10
Warrants issued-Private placement	20,642,000	0.10	-	-
Warrants issued- finders fee	420,000	0.10	-	-
Warrants exercised	(13,650,000)	0.08	-	-
Warrants expired	(13,430,800)	0.08	-	-
Warrants outstanding, end of period	21,062,000	\$ 0.10	27,080,800	\$ 0.10

As at December 31, 2018, the Company had the following warrants outstanding:

Issue Date	Expiry date	Number of warrants	Exercise price
May 31, 2018	May 31, 2020	6,704,000	\$ 0.10
June 22, 2018	June 22, 2020	3,080,000	0.10
August 1, 2018	August 1, 2020	3,714,000	0.10
August 9, 2018	August 9, 2020	4,064,000	0.10
September 7, 2018	September 7, 2020	3,500,000	0.12
Balance at December 31, 2018		21,062,000	

12. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as GST receivable are refundable from the Government of Canada.

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, take into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risks as it incurs expenditures that are denominated in the United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's exposure to foreign currency risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2018, the Company did not have any cash equivalents or interest-bearing debt and is not subject to interest rate risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	December 31, 2018	March 31, 2018
Loans and receivables:		
Cash and cash equivalents	\$ 538,689	\$ 70,733

Financial liabilities included in the consolidated statement of financial position are as follows:

	December 31, 2018	March 31, 2018
Non-derivative financial liabilities:		
Trade payables	\$ 22,779	\$ 30,999

13. SEGMENTED INFORMATION

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

	December 31, 2018	March 31, 2018
Total assets		
Canada	\$ 574,896	\$ 98,472
Mexico	1,476,940	321,783
Suriname	154,360	192,753
	\$ 2,206,196	\$ 613,008
Exploration and evaluation assets		
Mexico	\$ 1,476,940	\$ 321,783
	\$ 1,476,940	\$ 321,783