

Financial Statements of

## **GOLDEN PURSUIT RESOURCES LTD.**

(formerly Silver Pursuit Resources Ltd.)

Three Months Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### **Notice of No Auditor Review Interim Financial Statements**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# GOLDEN PURSUIT RESOURCES LTD.

Consolidated Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars)

	December 31, 2018 \$	September 30, 2018 \$
<b>Assets</b>		
Current assets		
Cash	6,596	5,117
Amounts receivable	19,424	17,090
Prepaid expenses	42,959	42,959
Due from related parties (Note 5)	23,500	77,852
<b>Total current assets</b>	<b>92,479</b>	<b>29,579</b>
Non-current assets		
Property and equipment (Note 3)	21,809	21,809
Mineral properties (Note 4)	20,524	20,524
<b>Total non-current assets</b>	<b>42,333</b>	<b>42,333</b>
<b>Total assets</b>	<b>134,812</b>	<b>185,351</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	132,664	25,647
Loans payable	45,000	45,000
Due to related parties (Note 5)	245,242	178,344
<b>Total liabilities</b>	<b>422,906</b>	<b>248,991</b>
Shareholders' deficit		
Share capital	12,331,510	12,317,510
Share-based payment reserve	5,327,550	5,327,550
Deficit	(17,947,155)	(17,708,700)
<b>Total shareholders' deficit</b>	<b>(288,094)</b>	<b>(63,640)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>134,812</b>	<b>185,351</b>

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on February 22, 2019:

/s/ "Brian McClay"

Director

/s/ "Peter Watson"

Director

# GOLDEN PURSUIT RESOURCES LTD.

Consolidated Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars)

	Three Months Ended December 31, 2018 \$	Three Months Ended December 31, 2017 \$
Expenses		
Automotive (Note 5)	6,900	3,715
Consulting fees (Note 5)	–	750
Depreciation	–	–
Foreign exchange loss	287	712
Management fees (Note 5)	22,500	22,500
Mineral exploration costs (Note 4)	157,804	26,619
Office and general (Note 5)	5,005	13,915
Professional fees	3,064	2,000
Rent (Note 5)	15,810	14,857
Shareholder communications	–	–
Transfer agent and filing fees	23,125	3,315
Travel	3,960	3,676
Loss before other income	(238,455)	(92,060)
Other income		
Net loss and comprehensive loss	(238,455)	(92,060)
Loss per share, basic and diluted	(0.00)	(0.00)
Weighted average number of common shares outstanding	31,564,103	25,069,103

# GOLDEN PURSUIT RESOURCES LTD.

Consolidated Statements of Changes in Equity  
(Expressed in Canadian dollars)

	Share Capital		Share-based payment reserve \$	Deficit \$	Total Shareholders' Deficit \$
	Shares #	Amount \$			
Balance, September 30, 2017	24,764,103	11,827,797	4,995,670	(16,881,090)	(42,623)
Shares issued pursuant to private placements	305,000	86,653	–	–	250
Share issuance costs	–	–	–	–	–
Net loss for the quarter	–	–	–	(92,060)	(92,060)
Balance, December 31, 2017	25,069,103	11,914,450	4,995,670	(16,973,150)	(94,435)
Shares issued pursuant to private placements	6,295,000	403,060	(80,453)	–	307,607
Share issuance costs	–	–	–	–	–
Fair value of stock options granted	–	–	412,333	–	412,333
Net loss for the period	–	–	–	(735,550)	(689,145)
Balance, September 30, 2018	31,364,103	12,317,510	5,327,550	(17,708,700)	(63,640)
Shares issued pursuant to exercise of warrants	200,000	14,000	–	–	14,000
Share issuance costs	–	–	–	–	–
Net loss for the quarter	–	–	–	(238,455)	(238,455)
Balance, December 31, 2018	31,564,103	12,331,510	5,327,550	(17,947,155)	(238,094)

# GOLDEN PURSUIT RESOURCES LTD.

Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

	Three Months Ended December 31,	
	2018	2017
	\$	\$
Operating activities:		
Net loss	(238,455)	(92,060)
Items not affecting cash:		
Depreciation	–	–
Changes in non-cash working capital:		
Amounts receivable	(2,334)	(32,525)
Prepaid expenses	–	–
Accounts payable and accrued liabilities	107,017	23,426
Due to related parties	121,251	32,846
Net cash used in operating activities	(12,521)	(67,313)
Financing activities:		
Share subscriptions received	14,000	55,250
Net cash provided by financing activities	14,000	–
Increase (decrease) in cash	1,479	(12,063)
Cash, beginning of year	5,117	23,716
Cash, end of year	6,596	11,654
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

# **GOLDEN PURSUIT RESOURCES LTD.**

Notes to the Consolidated Financial Statements

Three Months Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

## **1. Nature of Business and Continuance of Operations**

Golden Pursuit Resources Ltd. (formerly Silver Pursuit Resources Ltd.) (the "Company") is incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the exploration for commercially viable mineral reserves. The Company's registered office is located at 652 Millbank, Vancouver, British Columbia, V5Z 4B7.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company has no source of revenue, has a working capital deficit of \$330,427, and has an accumulated deficit of \$17,947,155. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## **2. Significant Accounting Policies**

### **(a) Statement of Compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the period ended September 30, 2018. The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended September 30, 2018.

### **(b) Basis of Measurement**

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the functional currency of the Company.

### **(c) Use of Estimates and Judgments**

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the fair value of share-based payments, useful lives and recoverability of property and equipment, recoverability of mineral properties, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the inputs used in the accounting for share-based payments, which requires management to determine factors that may impact the overall fair value of share-based payments including, but not limited to, the expected life of share purchase warrants.

The application of the Company's accounting policy for mineral properties requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an

# GOLDEN PURSUIT RESOURCES LTD.

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 2. Significant Accounting Policies (continued)

### (c) Use of Estimates and Judgments (continued)

economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

### (d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

### (e) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign currency gains and losses arising from translation are included in the statement of operations.

### (f) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates using the straight-line method:

Vehicles	30%
Leasehold Improvements	20%
Computer Equipment	60%

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred.

### (g) Mineral Properties

#### (i) Mineral Property Costs

All costs directly related to the acquisition of mineral properties are recognized and capitalized once the legal right to explore a property has been acquired. When a project is deemed to no longer have commercially viable prospects to the Company, capitalized expenditures in respect of that project are deemed to be impaired. As a result, those expenditures, in excess of estimated recoveries, are written-off to the statement of operations. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

#### (ii) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures, including costs incurred prior to the Company obtaining legal rights to explore a property, are expensed in the period in which they occur. Such expenditures continue to be expensed until commercially viable and technically feasible

# **GOLDEN PURSUIT RESOURCES LTD.**

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## **3. Significant Accounting Policies (continued)**

### (ii) Exploration and Evaluation Expenditures (continued)

mineral resources are established and management has made a decision to proceed with development of the property for mining operations. At this point, costs, including costs incurred in preparing the site for mining operations, are capitalized into development costs in the statement of financial position. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

### (h) Impairment of Non-Financial Assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets, including mineral properties and equipment. If indicators exist, the Company determines if the recoverable amount of the asset is greater than its carrying amount. If the carrying amount exceeds the recoverable amount, the asset is recorded at its recoverable amount with the reduction recognized in the statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset and these reversals are recognized in the statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

### (i) Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

### (j) Loss per Share

Basic earnings (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 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. As at December 31, 2018, the Company had 12,331,510 (2017 – 25,074,103) potentially dilutive shares outstanding.

### (k) Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

# GOLDEN PURSUIT RESOURCES LTD.

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 2. Significant Accounting Policies (continued)

### (k) Financial Instruments (continued)

- Financial assets at fair value through profit or loss: Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument. Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash is classified as fair value through profit or loss.
- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. The Company has classified amounts receivable as loans and receivables.
- Financial liabilities at amortized cost: Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payable and accrued liabilities. These liabilities are initially recognized on the trade date at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently carried at amortized cost using the effective interest rate method. The liabilities are derecognized when the Company's contractual obligations are discharged or cancelled or, they expire. The Company has classified accounts payable and accrued liabilities, and amounts due to related parties as other financial liabilities.

### (k) Impairment of Financial Assets

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

### (l) Share Capital

#### (i) Unit Offerings

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from share-based payment reserve to share capital. If the warrants expire unexercised, the applicable amount remains in share-based payment reserve.

#### (ii) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability which is recognized as other income.

# **GOLDEN PURSUIT RESOURCES LTD.**

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## **2. Significant Accounting Policies (continued)**

### **(m) Share-based Payments (continued)**

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Expected volatility is estimated by considering historic average share price volatility.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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

### **(n) Income Taxes**

Income tax expense is comprised of current and deferred income tax. Current and deferred income tax are recognized in the statement of operations except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

Deferred income tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and amounts used for taxation purposes, except for the taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred income tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred income tax asset can be utilized. At the end of each reporting period, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred income tax asset to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

### **(o) Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

# GOLDEN PURSUIT RESOURCES LTD.

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 2. Significant Accounting Policies (continued)

### (o) Accounting Standards Issued But Not Yet Effective (continued)

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.

## 3. Property and Equipment

4. 5.	Furniture and Equipment \$	Leasehold Improvements \$	Vehicles \$	Total \$
Cost:				
Balance, September 30, 2017	–	15,000	22,620	37,620
Additions	2,722	–	3	2,725
Balance, September 30, 2018	2,722	15,000	22,623	40,345
Additions	–	–	–	–
Balance, December 31, 2018	2,722	15,000	22,623	40,345
Accumulated depreciation:				
Balance, September 30, 2017	–	1,759	8,985	10,744
Additions	702	3,000	4,090	7,792
Balance, September 30, 2018	702	4,759	13,075	18,536
Additions	–	–	–	–
Balance, December 31, 2018	702	4,759	13,075	18,536
Carrying amounts:				
As at December 31, 2017	–	13,241	13,635	26,876
As at December 31, 2018	2,020	10,241	9,548	21,809

## 4. Mineral Properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements, or transfers, and rights of ownership may be affected by undetected defects.

### Nevada Claims, Nevada, USA

During the year ended September 30, 2016, the Company staked 98 claims across seven counties in Nevada, USA. The Company capitalized \$20,524 of acquisition costs in connection with its Nevada claims.

### Gordon Lake Property, NWT, Canada

As at December 31, 2018, the Company owns a mineral lease for its Gordon Lake Property. The Company expenses all amounts paid to maintain the ownership of the mineral lease.

## 5. Related Party Transactions

# **GOLDEN PURSUIT RESOURCES LTD.**

Notes to the Consolidated Financial Statements

Three Months Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

- (a) As at December 31, 2018, the Company owed \$1,173 (2017 – \$1,173) to the former President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (b) As at December 31, 2018, the Company is owed \$9,935 (2017 – \$30,012) from a company controlled by the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (c) As at December 31, 2018, the Company is owed \$48,106 (2017 – \$15,077) from the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (d) As at December 31, 2018, the Company owed \$57,500 (2017 – \$nil) to a Company controlled by the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (e) As at December 31, 2018, the Company owed \$10,744 (US\$8,664) (2017 – \$11,563 (US\$8,664)) to a company controlled by the former President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (f) As at December 31, 2018, the Company owed \$96,184 (2017 – \$116,173) to a company owned by the daughter of the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.
- (g) As at December 31, 2018, the Company owed \$31,980 (2017 – \$15,000) to the daughter of the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

## **6. Share Capital**

Authorized: Unlimited number of common shares with no par value  
Unlimited number of preferred shares with no par value

Share transactions for the period ended December 31, 2018:

- (a) During the quarter ended December 31, 2018, the Company issued 200,000 shares for proceeds of \$14,000 pursuant to the exercise of share purchase warrants.

Share transactions for the year ended September 30, 2018:

- (b) During the year September 30, 2018, the Company issued 6,600,000 shares for proceeds of \$394,260 pursuant to the exercise of share purchase warrants, of which \$15,000 had been received as at September 30, 2017.

Share transactions for the year ended September 30, 2017:

- (c) On October 31, 2016, the Company issued 2,500,000 units pursuant to a non-brokered private placement at a price of \$0.10 per unit for proceeds of \$250,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to subscribe for one common share at \$0.16 per share until October 31, 2018. Included in this private placement was 350,000 units issued to the daughter of the President and CEO of the Company, for proceeds of \$35,000. In connection with this private placement, the Company paid finder's fees of \$14,000 and issued 140,000 agent's warrants.

The fair value of the share purchase warrants and agent's warrants issued in connection with the above private placement was \$84,761. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.54%, expected life of 2 years, expected volatility of 115%, and no expected dividends.

- (d) During the year September 30, 2017, the Company issued 800,000 shares for proceeds of \$55,000 pursuant to the exercise of share purchase warrants.

## **7. Share Purchase Warrants**

# GOLDEN PURSUIT RESOURCES LTD.

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, September 30, 2017	13,001,200	0.08
Issued	—	—
Exercised	(6,600,000)	0.06
Expired	(1,020,000)	0.07
Balance, September 30, 2018	5,381,200	0.11
Exercised	(200,000)	0.07
Expired	(2,440,000)	0.16
Balance, December 31, 2018	2,741,200	0.06

As at December 31, 2018, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
1,000,000	0.05	March 20, 2019
1,741,200	0.07	June 5, 2020
<u>2,741,200</u>		

## 8. Stock Options

The Company has reserved 10% of the issued common shares pursuant to an incentive share-based payment plan (the "Plan"). Options to purchase common shares of the Company under the Plan may be granted by the Board of Directors to a director, officer, employee or consultant of the Company. The options are subject to any vesting limitations, exercise process and exercise periods as determined by the Board of Directors.

	Number of options	Weighted average exercise price \$
Outstanding, September 30, 2018	2,900,000	0.20
Granted	—	—
Outstanding, December 31, 2018	2,900,000	0.20

## 9. Risk Management

# **GOLDEN PURSUIT RESOURCES LTD.**

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

The Company is engaged primarily in the mineral exploration field and accordingly it may be at risk for environmental issues and fluctuations in commodity pricing relating to the mineral extraction and exploration industry. The Company is subject to provincial and federal environmental regulations. Management has designed procedures and policies to provide for environmental compliance however, due to the diversity of environmental laws and regulations, compliance at all times cannot be assured.

Although management has taken steps to verify title on the properties on which it conducts exploration and in which it has an interest, these procedures may not guarantee the Company's title. Property title may be at risk from unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk
- Price risk

The Board of Directors approves and monitors the risk management processes.

## (a) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and amounts receivable.

The Company manages its credit exposure by holding its cash with high credit quality financial institutions. The Company's maximum credit exposure for cash and amounts receivable is the carrying value of \$19,424.

The Company determined that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and is available on demand.

## (b) Liquidity and Funding Risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company's holdings of cash.

As at December 31, 2018, the Company has a working capital deficit of \$330,427. In the case of cash deficits arising from exploration commitments and general operating budgets, the Company will have to seek debt or equity financing. There are no assurances that such financing will be available on terms acceptable to the Company.

## (c) Market Risk

### (i) Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had \$11,654 in cash at December 31, 2017. The bank account is not an interest bearing bank account and currently the Company does not hold any investments or financial liabilities on which interest accrues, and is therefore not subject to a significant amount of interest rate risk.

## **8. Risk Management (continued)**

# GOLDEN PURSUIT RESOURCES LTD.

Notes to the Consolidated Financial Statements  
Three Months Ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## (i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has an office in Canada and holds cash in Canadian dollar and US dollar currencies in line with forecasted expenditures. The impact of foreign exchange rates on the financial statements is not significant.

As at December 31, 2018, the Company had no hedging agreements in place with respect to foreign exchange rates.

## (ii) Fair Value Risk

As at December 31, 2018 and 2017, the Company's financial instruments consisted of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. Of these financial instruments, cash is considered to be level 1, meaning there are quoted prices in active markets for identical instruments. With respect to all of other financial instruments, the Company estimates that their fair values approximate their carrying values at December 31, 2018 and 2017, respectively due to the relatively short-term maturity of these instruments.

## (d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## 9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended September 30, 2018.

## 10. Commitment

On February 15, 2018, the Company entered into a premises lease agreement commencing on March 1, 2018, and ending on February 28, 2022. Pursuant to the agreement, the Company is to pay base rent of \$3,000 per month for the first two years and \$3,500 per month for the last three years. The minimum annual lease amounts to be paid for the next five years are as follows:

	\$
2019	39,500
2020	42,000
2021	42,000
2022	17,500
	141,000