

**Dynasty Gold Corp.**

**Consolidated Financial Statements**

**For the years ended December 31, 2018 and 2017**

(Expressed in Canadian Dollars)

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**Dynasty Gold Corp.****Consolidated Financial Statements  
For the years ended December 31, 2018 and 2017**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dynasty Gold Corp.

### Opinion

We have audited the consolidated financial statements of Dynasty Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive loss, change in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred as the "financial statements").

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

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes conditions and matters that indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

April 29, 2019

An independent firm associated with  
Moore Stephens International Limited

**MOORE STEPHENS**

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**Dynasty Gold Corp.****Consolidated Statement of Financial Position  
As at December 31, 2018 and 2017**

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	December 31, 2018	December 31, 2017
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 472,436	\$ 391,116
Receivables (Note 5)	10,046	10,910
Prepaid expenses	3,598	4,078
	<b>486,080</b>	<b>406,104</b>
Exploration and evaluation assets (Note 6)	637,293	388,726
	<b>\$ 1,123,373</b>	<b>\$ 794,830</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 89,889	\$ 257,855
	<b>89,889</b>	<b>257,855</b>
<b>Shareholders' Equity</b>		
Share capital (Note 9)	35,545,601	34,775,601
Share-based payment reserve (Note 9)	2,891,355	2,749,557
Deficit	(37,403,472)	(36,988,183)
	<b>1,033,484</b>	<b>536,975</b>
	<b>\$ 1,123,373</b>	<b>\$ 794,830</b>

**Nature of Business and Continuance of Operations (Note 1)****Subsequent Event (Note 6 and 14)**

See accompanying notes to the consolidated financial statements.

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**Dynasty Gold Corp.****Consolidated Statements of Changes in Shareholders' Equity**  
**For the years ended December 31, 2018 and 2017**  
(Expressed in Canadian dollars)

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	Common Shares				
	Number of Shares	Amount	Share-based Payment Reserve	Deficit	Total Shareholders' Equity
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
Balance, January 1, 2018	17,460,975	\$ 34,775,601	\$ 2,749,557	\$ (36,988,183)	\$ 536,975
Private placement (Note 9)	2,275,000	455,000	-	-	455,000
Shares issued for Property acquisition (Notes 6 and 9)	500,000	115,000	-	-	115,000
Exercise of warrants (Note 9)	1,190,000	200,000	-	-	200,000
Stock-based compensation (Notes 9 and 10)	-	-	141,798	-	141,798
Comprehensive loss	-	-	-	(415,289)	(415,289)
Balance, December 31, 2018	21,425,975	\$ 35,545,601	\$ 2,891,355	\$ (37,403,472)	\$ 1,033,484

See accompanying notes to the consolidated financial statements.

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**Dynasty Gold Corp.****Consolidated Statements of Comprehensive Loss**  
(Expressed in Canadian dollars)

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<b>For the years ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Expenses</b>		
Consulting fees (Note 10)	\$ 93,150	\$ 93,150
Office expenses, rent and salaries	36,581	31,710
Professional fees (Note 10)	35,645	47,755
Project investigation costs (Note 10)	49,883	82,675
Regulatory and transfer agent fees	20,399	24,827
Shareholder communications	57,128	27,787
Stock-based compensation (Notes 9 and 10)	141,798	88,310
	<b>434,584</b>	<b>396,214</b>
<b>Other items</b>		
Foreign exchange (gain) loss	(16,699)	2,267
Interest income	(2,596)	(814)
Accounts payable write off (Note 7)	-	(2,449)
	(19,295)	(996)
<b>Comprehensive loss</b>	<b>\$ 415,289</b>	<b>\$ 395,218</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>19,731,441</b>	<b>15,385,052</b>

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See accompanying notes to the consolidated financial statements.

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**Dynasty Gold Corp.****Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

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<b>For the years ended December 31,</b>	<b>2018</b>	<b>2017</b>
Cash flows provided by (used in):		
<b>Operating activities</b>		
Net loss	\$ (415,289)	\$ (395,218)
Item not affecting cash:		
Stock-based compensation	141,798	88,310
Changes in non-cash working capital items:		
Receivables	864	(3,914)
Prepaid expenses	480	(474)
Accounts payable and accrued liabilities	(167,966)	38,302
	<b>(440,113)</b>	<b>(272,994)</b>
<b>Financing activity</b>		
Shares issued for exercise of warrants	200,000	-
Issue of share capital for cash, net issuance costs	455,000	321,260
	<b>655,000</b>	<b>321,260</b>
<b>Investing activity</b>		
Exploration and evaluation asset costs and expenditures	(133,567)	(12,323)
	<b>(133,567)</b>	<b>(12,323)</b>
<b>Change in cash and cash equivalents</b>	<b>81,320</b>	<b>35,943</b>
<b>Cash and cash equivalents, beginning</b>	<b>391,116</b>	<b>355,173</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 472,436</b>	<b>\$ 391,116</b>
<b>Non Cash Transactions</b>		
Shares issued for acquisition of exploration and evaluation assets	\$ 115,000	\$ -

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See accompanying notes to the consolidated financial statements.

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# Dynasty Gold Corp.

## Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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### 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 610 Granville Street, Suite 1613, Vancouver, B.C. V6C 3T3. 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 29, 2019.

#### b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Terrawest Minerals Inc.

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.

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# Dynasty Gold Corp.

## Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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### 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

##### Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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

##### I) Financial instruments (continued)

###### (ii) Measurement

###### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

###### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

###### Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

###### (iv) Derecognition

###### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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

##### I) Financial instruments (continued)

###### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

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

The IASB issued the following standards, which are not yet effective and have not been applied in the preparation of these consolidated financial statements.

IFRS 16 applies to the recognition, classification, measurement and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease is for a term of 12 months or less or the underlying asset has a low value. IFRS 16 supersedes IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption of this standard does not have a material impact on the Company's 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.

## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

#### 4. Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash at bank	\$ 249,436	\$ 318,116
Bank term deposits	223,000	73,000
	<b>\$ 472,436</b>	<b>\$ 391,116</b>

#### 5. Receivables

	December 31, 2018	December 31, 2017
GST receivable	\$ 8,099	\$ 10,521
Other receivables	1,947	389
	<b>\$ 10,046</b>	<b>\$ 10,910</b>

#### 6. Exploration and Evaluation Assets

	Golden Repeat Property	Thundercloud Gold Property	Total
<b><u>Acquisition Costs</u></b>			
Balance, December 31, 2016	\$ 127,000	\$ -	\$ 127,000
Acquisition cost	-	-	-
Balance, December 31, 2017	\$ 127,000	\$ -	\$ 127,000
Acquisition cost	-	115,000	115,000
Balance, December 31, 2018	<b>\$ 127,000</b>	<b>\$ 115,000</b>	<b>\$ 242,000</b>
<b><u>Deferred Exploration Costs</u></b>			
Balance, December, 2016	\$ 249,403	\$ -	\$ 249,403
Property expenditures	12,323	-	12,323
Balance, December 31, 2017	\$ 261,726	\$ -	\$ 261,726
Property expenditures	12,458	121,109	133,567
Balance, December 31, 2018	<b>\$ 274,184</b>	<b>\$ 121,109</b>	<b>\$ 395,293</b>
Total as at December 31, 2017	<b>\$ 388,726</b>	<b>\$ -</b>	<b>\$ 388,726</b>
<b>Total as at December 31, 2018</b>	<b>\$ 401,184</b>	<b>\$ 236,109</b>	<b>\$ 637,293</b>

#### 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.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 6. Exploration and Evaluation Assets (continued)

##### Thundercloud Gold Property, Ontario, Canada

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 (Note 9). The Company must spend \$300,000 in mandatory expenditures in the first year. By mutual agreement, the Company and Teck have agreed to defer the share issuance until September 30, 2019, and the first year mandatory expenditure date will be adjusted when the Company is in the position to acquire a drill permit from Ministry of Northern Development and Mines ("MNDM") (Note 14).

Teck retains a back-in right to earn back a 65% interest in the property by spending \$15-million over a four-year period and delivers a notice within 90 days following receipt of the Company's expenditure notice. If the back-in right is not exercised, it retains a 2% net smelter return ("NSR") that can be reduced to 1.5% at the option of the Company by making a cash payment of \$1,000,000.

#### 7. Accounts Payable and Accrued Liabilities

	December 31, 2018	December 31, 2017
Accounts payable	\$ 26,285	\$ 29,388
Amounts due to related parties (Note 10)	63,604	228,467
	\$ 89,889	\$ 257,855

During the year ended December 31, 2017, the Company wrote off a payable in the amount of \$2,449.

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**Dynasty Gold Corp.****Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2018 and 2017**  
(Expressed in Canadian dollars)

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**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:

	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2017</b>
Net loss	\$ (415,289)	\$ (395,218)
Statutory tax rate	27.0%	26.0%
Expected income tax recovery at the statutory tax rate	(112,128)	(102,757)
Non-deductible items and other	38,307	42,012
Temporary differences not recognized	295,575	60,745
Effect of change in tax rate	(221,754)	-
Income tax recovery	\$ -	\$ -

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Non-capital loss carry-forwards	\$ 5,865,739	\$ 5,589,800
Share issuance	19,584	9,792
Exploration and evaluation assets	16,563,674	16,575,997
	\$ 22,448,997	\$ 22,175,589

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

	<b>Canadian non- capital losses</b>	<b>Exploration and evaluation assets</b>
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	-
2038	275,939	-
No expiry	-	17,200,967
	\$ 5,865,739	\$ 17,200,967

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 9. Share Capital

##### Authorized

Unlimited number of common shares without par value.

##### Share Issuances

On November 8, 2018, the Company closed a non-brokered private placement for 500,000 shares at \$0.20 per unit for gross proceeds of \$100,000.

On October 15, 2018, the Company announced an incentive warrant program for the private placement closed on March 2, 2018. The warrant holders can exercise their warrants at \$0.16 per unit during the Early Exercise Period from October 16 to October 26, and receive an incentive warrant at \$0.20 for 18 months from closing. Any warrants that are not exercised during the Early Exercise Period will remain outstanding and continue to be exercisable for shares under their current terms. A total of 950,000 warrants were exercised, resulting an issuance of 950,000 incentive warrants. No value was attributed to the incentive warrants.

In July, 2018, the Company issued 240,000 shares at \$0.20 per share for the exercise of 240,000 warrants. These warrants were granted in connection with the private placement closed in October 2017.

On March 2, 2018, the Company closed a non-brokered private placement for 1,775,000 units at \$0.20 per unit for gross proceeds of \$355,000. Each unit consists of one common share and one common share purchase warrant expiring on March 26, 2020. 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 \$0.30 for the first year and at \$0.40 for the second year from closing.

On February 26, 2018, the Company issued 500,000 common shares to Teck, pursuant to the Thundercloud Gold Property with a fair value of \$0.23 per share (Note 6).

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%.

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.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 9. Share Capital (continued)

##### 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, 2018 and 2017 and changes during the years then ended is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2016	-	N/A
Balance, January 1, 2017	-	-
Granted	1,500,000	0.20
Balance, December 31, 2017, 2018	1,500,000	\$ 0.20

Total number of options exercisable as at December 31, 2018 is 1,125,000.

As at December 31, 2018, 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 3.8 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, 2018, the Company recognized stock-based compensation expense of \$141,798 (2017 - \$88,310) relating to the stock options that vested during the year.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 9. Share Capital (continued)

##### Warrants

A summary of the status of the Company's outstanding warrants as of December 31, 2018 and 2017 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	\$ 0.20
Balance, December 31, 2017	2,730,300	\$ 0.20
Issued	2,725,000	0.27
Exercised	(1,190,000)	0.28
Balance, December 31, 2018	4,265,300	\$ 0.22

As at December 31, 2018, the following warrants are outstanding:

Issue date	Number of Warrants Outstanding	Expiry date	Weighted average exercise price
October 11, 2017	2,428,000	October 11, 2019	\$ 0.11
October 11, 2017	62,300	October 11, 2019	0.00
March 26, 2018	825,000	March 26, 2020	0.06
November 26, 2018	950,000	April 26, 2020	0.05
	<b>4,265,300</b>		<b>\$ 0.22</b>

The weighted average life of the warrants are 1.0 years.

##### 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.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 10. Related Party Balances and Transactions

##### *Related Party Balances*

Included in accounts payable and accrued liabilities is \$63,604 (2017 - \$228,467) 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, 2018, the Company accrued and/or paid \$192,300 (2017 - \$171,013) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the year ended December 31, 2018, the Company incurred stock-based compensation expense of \$101,622 (2017 - \$63,289) 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. The Company's exploration and evaluation assets are located in the USA and Canada (Note 6).

##### **As at December 31, 2018**

	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Exploration and evaluation assets	\$ 236,109	\$ 401,184	\$ 637,293

##### **As at December 31, 2017**

	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Exploration and evaluation assets	\$ -	\$ 388,726	\$ 388,726

#### 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 \$472,436. 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, 2018, the risk is considered minimal.

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## Dynasty Gold Corp.

### Notes to Consolidated Financial Statements For the years ended December 31, 2018 and 2017 (Expressed in Canadian dollars)

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#### 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 \$157,447.

##### *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, 2018, 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, 2018, 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 Event

On February 14, 2019, the Company and Teck have agreed to defer the first anniversary share issuance for 500,000 shares until September 30, 2019.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2018

**DYNASTY GOLD CORP.**

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## **DYNASTY GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018**

#### **INTRODUCTION**

This management's discussion and analysis ("MD&A") was prepared as of April 29, 2019 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, 2018. The audited consolidated financial statements for the year ended December 31, 2018 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](http://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 focused on exploring for and developing economically viable mineral resources. The Company's 100% owned Golden Repeat Gold Property is located in Elko County, Nevada, United States.

In February 1, 2018, the Company signed an option agreement with Teck Resources Ltd. ("Teck") to earn a 100% interest in the Thundercloud Gold Property located on the Central Wabigoon Greenstone Belt in Northwestern Ontario. Please refer to press release dated February 1, 2018 for details of the transaction.

The Company also owns 70% interest in an operating gold mine; the Hatu Qi-2 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 legal dispute with XNF and its subsidiary on this matter.

Dynasty's short-term strategy is to explore and develop the two gold properties in North America and continue to evaluate other quality assets to add to its portfolio. Its long-term strategy is to develop these properties into technically feasible and commercially viable producing mines.

As of the date of this MD&A, the Company has not engaged in any production, nor found any proven reserves on its North America properties 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 oz 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 July 30, 2013, the Company acquired a 100% interest in the Property, subject to 2% NSR. 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 commercially 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 drill permit was approved by BLM Nevada on November 8, 2017.

##### ***Activities during the year ended December 31, 2018***

Golden Repeat claims were renewed in August, 2018.

### **ONTARIO, CANADA**

#### **Thundercloud Gold Property**

##### ***Overview***

The Company signed an option agreement with Teck Resources Ltd. ("Teck"), in February 1, 2018, to earn a 100% interest in the Thundercloud Gold Property ("Thundercloud"), located in the central

Wabigoon 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 Resources Ltd. The first 500,000 common shares were issued on February 26, 2018, the remaining 500,000 common shares are to be issued on the first anniversary of signing of the agreement. The Company must spend \$300,000 in the first year. Teck retains a back-in right to earn back a 65% interest in the property. Please refer to press release dated February 1, 2018 for details of the transaction.

The Thundercloud property geological setting is comparable to the Abitibi belt in Eastern Ontario, but it is much less explored. The Belt contains numerous gold showings, several high grade deposits and historic past producers including the Big Master Mine (1902-1943) and the Laurentian Mine (1906-1909). Exploration results to date indicate excellent potential to define bulk-tonnage orogenic gold mineralization with high-grade potential. Close to 30 million ounces of gold have been discovered in the area in recent years.

The Property consists of 2,250 hectares, located 47 kilometres southeast of Dryden, Northwestern Ontario. It is readily accessible from the Trans-Canada Highway (Hwy 17). Dryden is a resource-based town with excellent infrastructure for mining operations. Several large-scale mining and exploration projects in the region include New Gold's Rainy River Mine (6.4 million oz gold and 18.7 million oz silver) and Agnico Eagle's Hammond Reef deposit (5.8 million oz gold).

Two mineralized zones, the Pelham and West Contact, have been identified on the Property. The exploration done by Teck Resources Ltd. ("Teck") is well documented with supporting databases. Teck and others have completed 10,000 meters of core drilling with majority of the holes drilled in the Pelham Zone where 300,000 ounces of gold resource has been estimated. Thundercloud's West Contact Zone is less explored but shows great potential based on an outstanding trench result of 8.02 g/t gold over 39 meters, including 89.4 g/t over 3.0 meters.

Highlights of drill results from historic work including drilling by Teck (2007 and 2008) and Laurentian Goldfields (2011):

- 113.0 m @ 1.72 g/t Au (88-10)
- 60.30 m @ 1.46 g/t Au (88-05)
- 55.25 m @ 2.19 g/t Au (TC08-11), including 1 m @ 37.5 g/t Au, 9.34 m @ 7.91 g/t Au and 21.73 m @ 4.63 g/t Au
- 29.66 m @ 0.77 g/t Au, including 9.04 m @ 2.20 g/t Au (TC08-09)
- 68.8 m @ 1.55 g/t Au (TC11-001)
- 39.0 m @ 1.45 g/t Au (TC11-003)
- 39.05 m @ 1.68 g/t Au (TC11-004)
- 81.0 m @ 1.31 g/t Au (TC11-006)

The highest grade from historic drilling returned up to 192.7 g/t gold over 0.55 meters.

In 2011, Fladgate Exploration Consulting was contracted to create a 3D resource model of the historic drill data. The model for the Pelham zone exploration target showed potential for 300,000 ounces of gold at a grade of 1.6 g/t Au using a cut-off grade of 0.5 g/t Au. This initial resource estimate was developed for targeting purposes, and it is not National Instrument 43-101 compliant.

The Company has not independently verified previous data reported in this MD&A.

### ***Activities during the year ended December 31, 2018***

In early November, a mapping and rock sampling program was completed on the Property. A total of 84 outcrop sites were visited throughout the Property. The West Contact area was the primary focus of the fieldwork, centring on the Glatz outcrop where rock chip samples assay returned 3.03 grams per tonne gold over 30 metres of outcrop in a previous sampling program conducted in the summer of 2018. These results extended gold mineralization from the original 39.0 metres at 8.02 g/t gold to a total of 69 metres. Other areas of interest include mineralization to the south identified by Teck in 2008 where rock chip

samples returned up to 9.42 g/t gold as well as locations where previous IP surveying identified high chargeability and resistivity anomalies.

During the program, numerous exposures of moderate to strongly silicified mafic and sedimentary lithologies hosting estimated 1% to 5% very fine-grained disseminated pyrite and pyrrhotite were sampled. 64 rock samples were collected and delivered to the ALS laboratory in Thunder Bay for assay and results extended the anomalous area. Highlights of the assay results included a grab sample taken near Trench 3 in the north end of the West Contact zone, a silicified mafic volcanic, that assayed 4.09 g/t Au, indicating gold potential outside of the younger Temiskaming-like sediments. The typical silver and telluride pathfinder elements characteristic of the Western Contact area were also elevated, illustrating the potential proximity to an oxidized intrusion typical of many Archean gold deposits. A sample returning 0.72 g/t Au came from Trench 8 (between the Pelham zone and the West Contact zone) from a sheared felsic unit. A grab sample that assayed 0.61 g/t Au was taken 30 m west of the Glatz outcrop, confirming it as trenching Target Area 1. A grab sample that assayed 0.54 g/t Au was collected from trenching Target Area 2, where historic samples taken by Glatz had assayed 2.10, 7.27 and 6.09 g/t Au. Further work is planned on the structural controls to mineralization.

Drill cores from the 2011 drill campaign were identified and inspected.

A previously uninspected area to the west of Glatz outcrop, where IP surveying identified high chargeability and resistivity anomalies, was also ground-checked. The IP anomalies represent strongly silicified interflow sediment hosting estimated 4% to 5% fine-grained pyrite and pyrrhotite.

The mapping and prospecting program was to confirm drill targets, verify and extend the known gold mineralization, confirm rock descriptions, and to acquire additional structural data. Drill sites will be confirmed based on geophysics, and previous and current sampling.

In the early summer of 2018, Property inspection was conducted and followed by a surface sampling program. New rock chip samples collected over the Glatz Outcrop, immediately south of Trench 07-2, returned 3.03 g/t gold over 30 meters of outcrop. This confirms gold mineralization extends from the original Trench 07-2 area which returned 8.02 g/t gold over 39.0 meters for at least another 30 meters to the south and remains open in all directions. Assay results for the grab samples taken in the Trench 07-2 area returned gold grades that are consistent with the 2007 results. Samples were assayed, in the ALS lab in Thunder Bay, Ontario, for 48 elements using the MEMS 61 package.

In the summer of 2018, drill data from 2007, 2008 and 2011 drill campaigns in the Pelham Zone were digitalized and cross sections were generated to provide a better understanding of the mineralized zone and its geology. All drill data was collated and combined into one database. A grade shell model of the Pelham Zone was produced with projected northeast plunge mineralization. It was determined that further drilling is required to confirm this hypothesis. Data compilation also included combining geophysical and geochem data in layered maps to identify targets for follow up.

## **MANAGEMENT CHANGES**

There were no management changes in the fourth quarter of 2018.

## 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](http://www.sedar.com). Readers are encouraged to review the Financial Statements in their entirety.

#### Fiscal Years Ended December 31

	2018	2017	2016
Interest and other income	\$ 2,596	\$ 814	\$ 2,350
Net loss before other items	(434,584)	(396,214)	(264,780)
Mineral properties write-off net of credits	-	-	-
Net loss	(415,289)	(395,218)	(215,916)
Net loss per share (basic and fully diluted)	(0.02)	(0.03)	(0.01)
Total assets	\$ 1,123,373	\$ 794,830	\$ 742,176

### Selected Quarterly Financial Information

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

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Other Items	\$ 753	\$ 602	\$ 829	\$ 412	\$ 358	\$ 177	\$ 164	\$ 297
Net Loss	(99,183)	(85,910)	(121,161)	(109,035)	(184,286)	(75,403)	(81,285)	(54,244)
Net Loss Per Share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Total Assets	\$ 1,123,373	\$ 1,015,040	\$ 960,645	\$ 1,008,870	\$ 794,830	\$ 694,638	\$ 590,470	\$ 671,862

### Results of Operations

During the three months ended December 31, 2018, the Company reported a net loss of \$99,183 or \$(0.00) per share (2017 - \$184,286 or \$(0.01) per share). The decrease in net loss of \$85,103 in comparison to the same quarter of last year was primarily attributed to the decrease in project investigation cost of \$20,025 and stock-based compensation of \$58,721, a non-cash item.

During the year ending December 31, 2018, the Company reported a net loss of \$415,289 or \$(0.02) per share (2017 - \$395,218 or \$(0.03) per share). The increase in net loss of \$20,071 in comparison to the same period of last year was mainly attributed to the increase in shareholder's communication cost of \$29,341, stock-based compensation of \$53,488, a non-cash item. However, there was significant deduction in project investigation cost of \$32,792 and gain in foreign exchange of \$18,966, a non-cash item which offset the increase in expenses as described above. Other operating expenses are in line with corporate activities.

## **LIQUIDITY AND CAPITAL RESOURCES**

As of December 31, 2018, the Company had working capital of \$396,161 which included cash and short-term investments of \$472,436 (2017 - \$148,249 which included cash and short-term investments of \$391,116).

Net cash flow used in operating activities for the three months ended December 31, 2018 was \$51,669 (2017 - \$52,169). The change was attributable to a net loss of \$99,183 (2017 - \$75,403), stock-based compensation of \$29,589 (2017 - \$88,310) and changes in non-cash working capital resulted in \$17,925 cash inflow during the three months ended December 31, 2018. The cash inflow of \$17,925 from working capital was mainly attributable to the increase in accounts payable and accrued liabilities of \$12,792.

Net cash flow used in operating activities for the year ended December 31, 2018 was \$440,112 (2017 - \$272,994). The change was attributable to a net loss of \$415,289 (2017 - \$395,218), stock-based compensation of \$141,798 (2017 - \$88,310) and changes in non-cash working capital resulted in \$166,621 cash outflow during the year ended December 31, 2018. The cash outflow of \$166,621 from working capital was mainly attributable to the decrease in accounts payable and accrued liabilities of \$167,966.

Net cash flow provided from financing activities for the three months ended December 31, 2018 was \$165,135 (2017 - \$148,795), which was primarily related to money received for the exercise of warrants of \$65,135 (2017 - \$Nil) and issuance of shares for cash of \$100,000 (2017 - Nil).

Net cash flow provided from financing activities for the year ended December 31, 2018 was \$770,000 (2017 - \$321,260), which was primarily related to the issuance of shares for property acquisition of \$115,000 (2017 - \$Nil), issuance of shares for cash of \$455,000 (2017 - \$321,260), issuance of shares for warrants exercise of \$200,000 (2017 - \$Nil).

Net cash flow used in investing activities for the three months ended December 31, 2018 was \$38,701 (2017 - \$1,208), which was related to Thundercloud exploration expenses.

Net cash flow used in investing activities for the year ended December 31, 2018 was \$248,567 (2017 - \$12,323), which was primarily related to Thundercloud property acquisition of \$115,000 and exploration expenditure of \$133,567.

## **SHARE CAPITAL**

The following information is provided as at December 31, 2018:

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 21,425,975

Warrants – 4,265,300

Options – 1,500,000

The following information is provided as at April 29, 2019:

Issued and outstanding common shares – 21,425,975

Warrants – 4,265,300

Options – 1,500,000

### **Share Purchase Warrants**

As at December 31, 2018 and as at April 29, 2019, 4,203,000 purchase warrants are outstanding and exercisable.

### **Finder's Fee Warrants**

As at December 31, 2018 and as at April 29, 2019, 62,300 finder's fee warrants are outstanding and exercisable.

### **Stock Options**

As at December 31, 2018 and as at April 29, 2019, 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 \$63,604 (2017 - \$228,467) 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, 2018, the Company accrued \$48,903 (2017 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the year ended December 31, 2018, the Company accrued and/or paid \$192,300 (2017 - \$171,013) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the three months ended December 31, 2018, the Company incurred stock-based compensation of \$23,075 (2017 - \$63,289) for options granted to the directors and officers of the Company.

During the year ended December 31, 2018, the Company incurred stock-based compensation expense of \$101,622 (2017 - \$63,289) 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. The trade disputes between the two largest economies in the world seem to be moving closer to a conclusion. No matter what the outcome will be, the certainty would have a calming effect in the business communities toward committing investments for their future operations.

In Europe, Brexit delay has created uncertainties for the Europe zone and the U.K. These uncertainties will remain until U.K. and EU reach an agreement.

In the last quarter of 2018, gold price has gradually edged up to above \$1,300 per ounce, but then backed down to \$1,270 level at the present time. News of Federal Reserves' pause on rate hike will help to support gold price at this level in the short term. In the foreseeable future, gold price will likely continue to fluctuate based on future rate hike and unforeseen world events.

At the Company level, we have a portfolio of three uniquely positioned high potential gold projects. These projects are located in three of the most mineral rich gold belts in the world, and are close to mining amenities and infrastructure. We remain optimistic in the gold space and carefully evaluating expenditure requirements in developing these projects. Our exploration focus is on the Thundercloud project. However, we will continue to seek out for projects that will bring long term benefits to our shareholders.

## **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, 2018. 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, 2018.

## **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, 2018 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, 2018 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 14, 2019, the Company and Teck have agreed to defer the first anniversary share issuance for 500,000 shares until September 30, 2019.