

Dynasty Gold Corp.

Condensed Consolidated Interim Financial Statements

September 30, 2018 and 2017

(Expressed in Canadian Dollars)

DYNASTY GOLD CORP.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated 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 condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Financial Position**(Expressed in Canadian dollars)

As at	September 30, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents (Note 4)	\$ 397,671	\$ 391,116
Receivables (Note 5)	13,879	10,910
Prepaid expenses	4,898	4,078
	416,448	406,104
Exploration and evaluation assets (Note 6)	598,592	388,726
	\$ 1,015,040	\$ 794,830
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 77,097	\$ 257,855
	77,097	257,855
Shareholders' Equity		
Share capital (Note 8)	35,293,601	34,775,601
Shares to be issued (Note 8)	86,865	-
Share-based payment reserve (Note 8)	2,861,766	2,749,557
Deficit	(37,304,289)	(36,988,183)
	937,943	536,975
	\$ 1,015,040	\$ 794,830

Nature of Business and Continuance of Operations (Note 1)**Subsequent Events** (Note 13)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****For the nine months ended September 30, 2018 and 2017**(Expressed in Canadian dollars)

	<u>Common Shares</u>						
	Number of Shares	Amount	Shares to be Issued	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	
Shares to be issued	-	-	172,465	-	-	172,465	
Comprehensive loss	-	-	-	-	(210,932)	(210,932)	
Balance, September 30, 2017	14,792,975	\$ 34,461,479	\$ 172,465	\$ 2,654,109	\$ (36,803,897)	\$ 484,156	
Balance, December 31, 2017	17,460,975	\$ 34,775,601	\$ -	\$ 2,749,557	\$ (36,988,183)	\$ 536,975	
Private placement (Note 8)	1,775,000	355,000	-	-	-	355,000	
Shares issued for acquisition of property (Notes 6 and 8)	500,000	115,000	-	-	-	115,000	
Shares issued for exercise of warrants (Note 8)	240,000	48,000	-	-	-	48,000	
Shares to be issued	-	-	86,865	-	-	86,865	
Stock-based compensation (Notes 8 and 9)	-	-	-	112,209	-	112,209	
Comprehensive loss	-	-	-	-	(316,106)	(316,106)	
Balance, September 30, 2018	19,975,975	\$ 35,293,601	\$ 86,865	\$ 2,861,766	\$ (37,304,289)	\$ 937,943	

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.**Condensed Consolidated Interim Statements of Comprehensive Loss**

(Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Expenses				
Consulting fees (Note 9)	\$ 23,288	\$ 23,288	\$ 69,863	\$ 69,863
Foreign exchange loss	-	-	298	-
Office expenses, rent and salaries	9,334	6,534	27,113	18,946
Professional fees (Note 9)	6,965	7,315	21,481	27,363
Project investigation costs	16,821	26,101	41,121	53,888
Regulatory and transfer agent fees	2,771	8,464	15,702	16,310
Shareholder communications	3,404	3,878	30,162	25,200
Stock-based compensation (Notes 8 and 9)	23,929	-	112,209	-
Loss before other items	86,512	75,580	317,949	211,570
Other item				
Interest income	(602)	(177)	(1,843)	(638)
	(602)	(177)	(1,843)	(638)
Comprehensive loss	\$ 85,910	\$ 75,403	\$ 316,106	\$ 210,932
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	19,900,758	14,792,975	19,301,488	14,792,975

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Cash flows provided by (used in):				
Operating activities				
Net loss	\$ (85,910)	\$ (75,403)	\$ (316,106)	\$ (210,932)
Item not affecting cash:				
Stock-based compensation	23,929	-	112,209	-
Changes in non-cash working capital items:				
Receivables	(100)	2,094	(2,969)	(165)
Prepaid expenses	(2,298)	(1,661)	(820)	(657)
Accounts payable and accrued liabilities	(18,489)	7,106	(180,758)	(9,071)
	(82,868)	(67,864)	(388,444)	(220,825)
Financing activities				
Shares issued for property acquisition	-	-	115,000	-
Issue of share capital for cash, net issuance cost	-	172,465	355,000	172,465
Issue of share capital for warrants exercise	48,000	-	48,000	-
Shares to be issued	86,865	-	86,865	-
	134,865	172,465	604,865	172,465
Investing activities				
Property acquisition	-	-	(115,000)	-
Exploration and evaluation asset costs and expenditures	(33,100)	(9,946)	(94,866)	(11,115)
	(33,100)	(9,946)	(209,866)	(11,115)
Change in cash and cash equivalents	18,897	94,655	6,555	(59,475)
Cash and cash equivalents, beginning	378,774	201,043	391,116	355,173
Cash and cash equivalents, ending	\$ 397,671	\$ 295,698	\$ 397,671	\$ 295,698

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

1. Nature of Business and Continuance of Operations

Dynasty Gold Corp. (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 condensed consolidated interim 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 condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

a) Basis of presentation and statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2017.

The Company’s board of directors approved these condensed consolidated interim financial statements for issue on November 29, 2018.

b) Basis of consolidation

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

All intercompany balances and transactions have been eliminated on consolidation.

Notes to Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

3. Accounting Standards Issued and Adopted***IFRS 9 “Financial Instruments”***

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

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 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	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on January 1, 2018.

(ii) Measurement**Financial assets at FVTOCI**

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

3. Accounting Standards Issued and Adopted (continued)

IFRS 9 "Financial Instruments" (continued)

(ii) Measurement (continued)

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 transactions costs expensed in the consolidated statements of net (loss) income. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized 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 at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, 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. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

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

4. Cash and Cash Equivalents

	September 30, 2018	December 31, 2017
Cash at bank	\$ 174,671	\$ 318,116
Bank term deposits	223,000	73,000
	\$ 397,671	\$ 391,116

Dynasty Gold Corp.**Notes to Condensed Consolidated Interim Financial Statements**
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

5. Receivables

	September 30, 2018	December 31, 2017
GST receivable	\$ 12,654	\$ 10,521
Other receivables	1,225	389
	\$ 13,879	\$ 10,910

6. Exploration and Evaluation Assets

	Golden Repeat Property	Thundercloud Gold Property	Total
<u>Acquisition Costs</u>			
Balance, December 31, 2017	\$ 127,000	\$ -	\$ 127,000
Acquisition cost	-	115,000	115,000
Balance, September 30, 2018	\$ 127,000	\$ 115,000	\$ 242,000
<u>Deferred Exploration Costs</u>			
Balance, December 31, 2017	\$ 261,726	\$ -	\$ 261,726
Property expenditures	11,860	83,006	94,866
Balance, September 30, 2018	\$ 273,586	\$ 83,006	\$ 356,592
Total as at December 31, 2017	\$ 388,726	\$ -	\$ 388,726
Total as at September 30, 2018	\$ 400,586	\$ 198,006	\$ 598,592

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.

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 8). The Company must spend \$300,000 in mandatory expenditures in the first year.

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (continued)

Thundercloud Gold Property, Ontario, Canada (continued)

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

	September 30, 2018	December 31, 2017
Accounts payable	\$ 19,022	\$ 29,388
Amounts due to related parties (Note 9)	58,075	228,467
	\$ 77,097	\$ 257,855

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

8. Share Capital

Authorized

Unlimited number of common shares without par value.

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

Share Issuances

During the period ended September 30, 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.

During the period ended September 30, 2018, the Company received \$86,865 in share subscriptions for the exercise of warrants granted in connection with the private placement closed in March 2018 and shares will be issued subsequent to the period (Note 13).

On March 2, 2018, the Company closed a private placement of 1,775,000 units for gross proceeds of \$355,000. Each unit consists of one common share at \$0.20 and one common share purchase warrant expiring on March 26, 2020. Each warrant entitles the holder to purchase one common share at \$0.30 for the first year and at \$0.40 for the second year from closing. No value was allocated to the warrants using the residual method.

On February 26, 2018, the Company issued 500,000 common shares to Teck Resources Ltd., pursuant to an option agreement to acquire 100% interest in the Thundercloud Gold Property at a deemed price of \$0.23 per share (Note 6).

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

8. Share Capital (continued)

Share Issuances (continued)

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 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%.

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 September 30, 2018 and December 31, 2017 and changes during the periods then ended is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2017 and September 30, 2018	1,500,000	\$ 0.20

Total number of options exercisable as at September 30, 2018 is 1,500,000.

As at September 30, 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 4.10 years.

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

8. Share Capital (continued)

Stock Options (continued)

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 consultants and 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%

During the nine months ended September 30, 2018, the Company recognized stock-based compensation expense of \$112,209 (2017 - \$Nil) relating to the stock options that vested during the period.

Warrants

A summary of the status of the Company's outstanding warrants as of September 30, 2018 and December 31, 2017 and changes during the periods then ended is as follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2017	2,730,300	\$ 0.23
Issued	1,775,000	0.30
Exercised	(240,000)	0.20
Balance, September 30, 2018	4,265,300	\$ 0.26

As at September 30, 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	\$ 0.23
October 11, 2017	62,300	October 11, 2019	0.23
March 2, 2018	1,775,000	March 2, 2020	0.30
	4,265,300		\$ 0.26

The weighted average life of the warrants are 1.19 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.

Dynasty Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

9. Related Party Balances and Transactions

Related Party Balances

Included in accounts payable and accrued liabilities is \$58,075 (December 31, 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 nine months ended September 30, 2018, the Company accrued \$50,075 (2017 - \$122,438) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the nine months ended September 30, 2018, the Company incurred stock-based compensation expense of \$78,547 (2017 - \$Nil) for options granted to the directors and officers of the Company (Note 8).

10. 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 September 30, 2018

	Canada	USA	Total
Exploration and evaluation assets	\$ 198,006	\$ 400,586	\$ 598,592

As at December 31, 2017

	Canada	USA	Total
Exploration and evaluation assets	\$ -	\$ 388,726	\$ 388,726

11. 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 \$397,671. 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 September 30, 2018, the risk is considered minimal.

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 \$143,383.

Notes to Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

11. Financial Risk Management (continued)*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 September 30, 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 September 30, 2018, this risk is considered high.

12. 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 period.

13. Subsequent Events

On October 15, 2018, the Company announced a Warrant Incentive Program (the "Program"). The Exchange consented to the Program on October 31. Pursuant to the Program, the Company shall issue 1,000,000 shares at \$0.16 per share for total proceeds of \$160,000. Warrant holders who exercised their warrants under the Program, during October 16 to 26, will receive a new warrant at \$0.20 for each warrant exercised. These new warrants will expire on April 26, 2020. The remaining 775,000 warrants that were not exercised shall continue to be exercisable under the original terms.

On November 20, 2018, the Company announced a non-brokered private placement of 500,000 shares at \$0.20 per share for \$100,000. The Exchange accepted the filing of the private placement and it was closed on November 23, 2018. The shares are subject to a twelve-month hold period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2018

DYNASTY GOLD CORP.

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DYNASTY GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

INTRODUCTION

This management's discussion and analysis ("MD&A") was prepared as of November 29, 2018 and is management's assessment of Dynasty Gold Corp.'s (Dynasty or the "Company") operating results and financial condition. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2018 and the audited annual consolidated financial statements for the year ended December 31, 2017, together with related notes thereto. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

COMPANY OVERVIEW

Dynasty Gold Corp. is a Canadian-based, junior company 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.

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 for the period ended September 30, 2018

Property inspection was conducted on the Thundercloud Property during the quarter 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 delivered to ALS lab in Thunder Bay, Ontario, and assayed for 48 elements using the MEMS 61 package.

During the period, 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 involved combining geophysical and geochem data in layered maps to identify targets for follow up.

Golden Repeat claims were renewed as of September 30, 2018.

Activities subsequent to period ended September 30, 2018

In early November, the Company completed mapping and rock sampling program at the Thundercloud 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 recent rock chip samples returned 3.03 grams per tonne gold over 30 metres of outcrop. It extends 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; rock chip samples returned up to 9.42 g/t gold.

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. Drill cores from the 2011 drill program were also 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.

MANAGEMENT CHANGES

There were no management changes during the nine months ended September 30, 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. Readers are encouraged to review the Financial Statements in their entirety.

Fiscal Years Ended December 31

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

Selected Quarterly Financial Information

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

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Other Items	\$ 602	\$ 829	\$ 412	\$ 358	\$ 177	\$ 164	\$ 297	\$ 345
Net Loss	(85,910)	(121,161)	(109,035)	(184,286)	(75,403)	(81,285)	(54,244)	(94,199)
Net Loss Per Share	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Total Assets	\$ 1,015,040	\$ 960,645	\$ 1,008,870	\$ 794,830	\$ 694,638	\$ 590,470	\$ 671,862	\$ 742,177

Results of Operations

During the three months ended September 30, 2018, the Company reported a net loss of \$85,910 or \$0.00 per share (2017 - \$75,403 or \$0.01 per share). The increase in net loss of \$10,507 in comparison to the same quarter of last year was primarily attributed to the increase in stock-based compensation of \$23,929, a non-cash item. Office expenses, rent and salaries increased by \$2,800. The increase reflected the level of activities associated with the Thundercloud Property acquisition described above.

During the nine months ended September 30, 2018, the Company reported a net loss of \$316,106 or \$0.02 per share (2017 - \$210,932 or \$0.01 per share). The increase in loss of \$105,174 in comparison to the same period of last year was mainly attributed to the increase in stock-based compensation of \$112,209, a non-cash item. Foreign exchange loss, office expenses, rent and salaries and shareholder communications costs were increased by \$298, \$8,167 and \$4,962, respectively. These increases reflected the level of activities associated with the Thundercloud Property acquisition described above.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2018, the Company had working capital of \$339,351 (December 31, 2017 - \$148,249) which included cash and short-term investments of \$397,671 (December 31, 2017 - \$391,116).

Net cash flow used in operating activities for the three months ended September 30, 2018 was \$82,868 (2017 - \$67,864). The change was attributable to a net loss of \$85,910 (2017 - \$75,403), stock-based compensation of \$23,929 (2017 - \$Nil) and changes in non-cash working capital resulted in \$20,887 cash outflow during the three months ended September 30, 2018, compared to \$7,539 cash inflow in same quarter of last year. The cash outflow of \$20,887 from non-cash working capital was mainly attributable to the decrease in accounts payable and accrued liabilities of \$18,489.

Net cash flow from financing activities for the three months ended September 30, 2018 was \$134,865 (2017 - \$172,465), which was primarily related to issuance of shares for warrants exercise of \$48,000 (2017 - \$Nil) and shares to be issued \$86,865 (2017 - \$Nil).

Net cash flow used in investing activity for the three months ended September 30, 2018 was \$33,100 (2017 - \$9,946), which was primarily related to the exploration and evaluation asset costs and expenditures to the new Thundercloud project.

Net cash flow used in operating activities for the nine months ended September 30, 2018 was \$388,444 (2017 - \$220,825). The change was attributable to a net loss of \$316,106 (2017 - \$210,932), stock-based compensation of \$112,209 (2017 - \$Nil) and changes in non-cash working capital resulted in \$184,547 cash outflow during the nine months ended September 30, 2018, compared to \$9,893 cash outflow in same period of last year. The cash outflow of \$184,547 from non-cash working capital was mainly attributable to the decrease in accounts payable and accrued liabilities of \$180,758.

Net cash flow provided from financing activities for the nine months ended September 30, 2018 was \$604,865 (2017 - \$172,465), which was primarily related to shares issued for property acquisition of \$115,000 (2017 - \$Nil), issuance of shares for cash of \$355,000 (2017 - \$172,465), issuance of shares for warrants exercise of \$48,000 (2017 - \$Nil) and shares to be issued of \$86,865 (2017 - \$Nil).

Net cash flow used in investing activities for the nine months ended September 30, 2018 was \$209,866 (2017 - \$11,115), which was primarily related to the acquisition of property and exploration and evaluation asset costs and expenditures to the new Thundercloud project of \$115,000 (2017 - \$Nil) and \$94,866 (2017 - \$11,115), respectively.

SHARE CAPITAL

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

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 19,975,975

Warrants – 4,265,300

Options – 1,500,000

The following information is provided as at November 29, 2018:

Issued and outstanding common shares – 21,475,975

Warrants – 4,265,300

Options – 1,500,000

Share Purchase Warrants

As at September 30, 2018, 4,203,000 purchase warrants were outstanding and exercisable.

As at November 29, 2018, 4,203,000 purchase warrants are outstanding and exercisable.

Finder's Fee Warrants

As at September 30, 2018 and November 29, 2018, 62,300 finder's fee warrants are outstanding and exercisable.

Stock Options

As at September 30, 2018 and November 29, 2018, 1,500,000 stock options are outstanding and

exercisable.

RELATED PARTY BALANCES AND TRANSACTIONS

Related Party Balances

Included in accounts payable and accrued liabilities is \$58,075 (December 31, 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 nine months ended September 30, 2018, the Company accrued \$50,075 (2017 - \$122,438) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the nine months ended September 30, 2018, the Company incurred stock-based compensation expense of \$78,547 (2017 - \$Nil) for options granted to the directors and officers of the Company.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OUTLOOK

Economic growth around the world remains steady. However, trade disputes involving the two largest economic powerhouses in the world have shown signs of weariness. The world's supply and demand chains are intertwined; trade war between the most powerful economies will create unintended casualties and slowing down the global economic growth. When China slows down, it affects the commodity markets in particular.

The U.K. and the EU finally reached an agreement which sees the U.K. leaving the EU by early 2019. This agreement will remove some uncertainties and would enable the U.K. to get on with the planning for its economic future without the EU.

Gold price has shown signs of stabilization at \$1,200 per ounce. Markets have digested the Federal Reserve's interest rate hikes. Countries in Europe and Asia are buying gold to increase their gold reserves. Inflation is gradually catching up due to higher interest rate; it may go up more with the possible relocation of global manufacturing bases due to the trade disputes. Gold will find a support level and may re-emerge in the spotlight.

At the Company level, we have a portfolio of three uniquely positioned high potential gold projects. These projects are located in 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 our expenditure requirements in developing our projects. Our exploration focus is on the Thundercloud project. However, we will continue to seek out projects that will bring huge potential 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, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited annual consolidated financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of

revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests, environment obligations, the variables used in the determination of the fair value of stock options granted and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

RECENT ACCOUNTING PRONOUNCEMENTS

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

MATERIAL PROCEEDINGS

The Company is not a party to any material proceedings.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the nine months ended September 30, 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 nine months ended September 30, 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 10% 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 October 15, 2018, the Company announced a Warrant Incentive Program (the "Program"). The Exchange consented to the Program on October 31. Pursuant to the Program, the Company shall issue 1,000,000 shares at \$0.16 per share for total proceeds of \$160,000. Warrant holders who exercised their warrants under the Program, during October 16 to 26, will receive a new warrant at \$0.20 for each warrant exercised. These new warrants will expire on April 26, 2020. The remaining 775,000 warrants that were not exercised shall continue to be exercisable under the original terms.

On November 20, 2018, the Company announced a non-brokered private placement of 500,000 shares at \$0.20 per share for \$100,000. The Exchange accepted the filing of the private placement and it was closed on November 23, 2018. The shares are subject to a twelve-month hold period.