West Red Lake Gold Mines Inc.

Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2017 and 2016

Independent Auditors' Report

To the Shareholders of West Red Lake Gold Mines Inc.:

We have audited the accompanying financial statements of West Red Lake Gold Mines Inc. which comprise the statements of financial position as at September 30, 2017 and, September 30, 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of West Red Lake Gold Mines Inc. as at September 30, 2017 and, September 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about West Red Lake Gold Mines Inc.'s ability to continue as a going concern.

MNP LLP

December 12, 2017 — Chartered Professional Accountants
Toronto, Ontario — Licensed Public Accountants

MNP LLP

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of West Red Lake Gold Mines Inc. (the "Company" or "West Red Lake") are the responsibility of the management and Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Thomas W. Meredith
Executive Chairman, acting as Chief Executive Officer

(signed)
John Kontak
President, acting as Chief Financial Officer

December 12, 2017
Toronto, Canada

West Red Lake Gold Mines Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at	September 30, 2017	September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	**$ 211,977**	$ 1,222,216
Accounts receivable	**29,731**	67,114
Prepaid expenses and deposits	**29,280**	70,104
	270,988	1,359,434
Property and equipment (Note 6)	**27,119**	35,067
Exploration and evaluation costs (Note 7)	**11,948,886**	11,294,245
	$ 12,246,993	$ 12,688,746
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	**$ 92,036**	$ 407,149
Convertible debentures - current (Note 8)	**-**	4,172
	92,036	411,321
Convertible debentures - non-current (Note 8)	**-**	191,676
Deferred income tax liabilities (Note 14)	**668,780**	861,100
	760,816	1,464,097
Shareholders' Equity		
Share capital (Note 9)	**23,483,058**	21,969,543
Reserves	**8,005,065**	7,789,771
Deficit	**(20,001,946)**	(18,534,665)
	11,486,177	11,224,649
	$ 12,246,993	$ 12,688,746

Nature of operations and going concern (Note 1)
Commitment (Note 13)
Subsequent event (Note 15)

Approved by the Board:

signed "Michael Dehn"_____________, Director

signed "Daniel Crandall"____________, Director

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Inc.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended September 30, 2017	Year Ended September 30, 2016
Expenses		
Professional fees (Note 12)	**$ 108,650**	$ 86,120
Office general and administrative (Note 12)	**68,617**	57,971
Management fees (Note 12)	**250,000**	120,000
Consulting fees	**10,000**	80,000
Shareholder information	**62,899**	43,369
Insurance	**12,471**	12,114
Depreciation (Note 6)	**7,948**	9,767
Marketing	**511,279**	198,624
Investor relations	**361,623**	149,600
Travel and entertainment	**168,874**	52,764
Share-based payments (Note 11 and 12)	**56,000**	664,500
Indemnification expense	**-**	10,779
	1,618,361	1,485,608
Loss from operations	**(1,618,361)**	(1,485,608)
Gain on settlement of debt (Note 9)	**11,576**	-
Accretion (Note 8)	**(37,446)**	(46,359)
Loss before taxes for the year	**$ (1,644,231)**	$ (1,531,967)
Deferred tax recovery (Note 14(a))	**176,950**	313,850
Loss and comprehensive loss for the year	**$ (1,467,281)**	$ (1,218,117)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - Basic and diluted	**107,573,988**	86,815,778

The accompanying notes are an integral part of these financial statements

WEST RED LAKE GOLD MINES INC

West Red Lake Gold Mines Inc.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves: Convertible Debenture	Reserves: Warrants Reserve	Reserves: Share-based Payments	Deficit	Total
Balance, September 30, 2015	**76,374,248**	**$ 19,741,686**	**$ 73,300**	**$ 279,736**	**$ 6,031,795**	**$ (17,316,548)**	**$ 8,809,969**
Units issued	16,950,000	2,175,000	-	-	-	-	2,175,000
Share issue costs	261,000	(133,409)	-	29,644	-	-	(103,765)
Warrants issued on private placement	-	(881,278)	-	881,278	-	-	-
Deferred premium on flow-through units issued	-	(79,150)	-	-	-	-	(79,150)
Issued for property	250,000	2,500	-	-	-	-	2,500
Issued as interest payments	115,384	30,000	-	-	-	-	30,000
Issued for services rendered	1,060,128	267,032	-	-	-	-	-
Exercise of warrants	6,066,800	614,180	-	-	-	-	614,180
Fair value of warrants exercised	-	157,247	-	(157,247)	-	-	-
Exercise of options	600,000	62,500	-	-	-	-	62,500
Fair value of options exercised	-	13,235	-	-	(13,235)	-	-
Warranty expiry	-	-	-	(120,250)	120,250	-	-
Share-based payments	-	-	-	-	664,500	-	664,500
Net income for the year	-	-	-	-	-	(1,218,117)	(1,218,117)
Balance, September 30, 2016	**101,677,560**	**$ 21,969,543**	**$ 73,300**	**$ 913,161**	**$ 6,803,310**	**$ (18,534,665)**	**$ 11,224,649**

The accompanying notes are an integral part of these financial statements

WEST RED LAKE GOLD MINES INC

West Red Lake Gold Mines Inc.

Statements of Changes in Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves: Convertible Debenture	Reserves: Warrants Reserve	Reserves: Share-based Payments	Deficit	Total
Balance, September 30, 2016	**101,677,560**	**$ 21,969,543**	**$ 73,300**	**$ 913,161**	**$ 6,803,310**	**$(18,534,665)**	**$ 11,224,649**
Units issued	4,262,500	852,500	-	-	-	-	852,500
Share issue costs	-	(42,765)	-	-	-	-	(42,765)
Warrants issued on private placement	-	(262,570)	-	262,570	-	-	-
Convertible debentures conversion	3,599,999	278,077	(73,300)	-	-	-	204,777
Issued as interest payments	142,585	28,517	-	-	-	-	28,517
Issued for services rendered	2,125,783	413,580	-	-	-	-	413,580
Exercise of warrants	1,965,500	198,200	-	-	-	-	198,200
Fair value of warrants exercised	-	16,576	-	(16,576)	-	-	-
Exercise of options	100,000	18,000	-	-	-	-	18,000
Fair value of options exercised	-	13,400	-	-	(13,400)	-	-
Share-based payments	-	-	-	-	56,000	-	56,000
Net loss for the year	-	-	-	-	-	(1,467,281)	(1,467,281)
Balance, September 30, 2017	**113,873,927**	**$ 23,483,058**	**$ -**	**$ 1,159,155**	**$ 6,845,910**	**$(20,001,946)**	**$ 11,486,177**

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Inc.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended September 30, 2017	Year Ended September 30, 2016
Cash flow - Operating activities		
Net loss for the year	**$ (1,467,281)**	$ (1,218,117)
Adjustments for non-cash items:		
Share-based payments	**56,000**	664,500
Depreciation	**7,948**	9,767
Accretion	**8,929**	43,959
Deferred income tax recovery	**(176,950)**	(313,850)
Gain on settlement of debt	**(11,576)**	-
Shares issued as interest payments	**28,517**	-
Net changes in non-cash working capital balances:		
Accounts receivable	**37,383**	(67,114)
Prepaid expenses and deposits	**40,824**	(57,217)
Accounts payable and accrued liabilities	**430,798**	58,289
	(1,045,408)	(879,783)
Cash flow - Investing activities		
Exploration and evaluation costs - acquisition	**(21,000)**	(21,000)
Exploration and evaluation costs - exploration, net of reimbursements	**(954,396)**	(644,541)
Additions to property and equipment	**-**	(2,084)
	(975,396)	(667,625)
Cash flow - Financing activities		
Issue of common shares, net of issue costs	**794,365**	2,071,235
Proceeds on exercise of warrants	**198,200**	614,180
Proceeds on exercise of options	**18,000**	62,500
	1,010,565	2,747,915
Change during the year	**(1,010,239)**	1,200,507
Cash, beginning of year	**1,222,216**	21,709
Cash, end of year	**$ 211,977**	$ 1,222,216
Supplemental cash flow information		
Shares issued for mineral properties	**$ -**	$ 2,500

The accompanying notes are an integral part of these financial statements

1. Nature of operations and going concern

West Red Lake Gold Mines Inc. (the "Company") was incorporated on November 29, 1991 under the Business Corporations Act (Ontario). On May 30, 2012, the Company changed its name from "Hy Lake Gold Inc." to "West Red Lake Gold Mines Inc.". Effective June 29, 2012 the common shares of West Red Lake commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol RLG and prior to that it traded under the symbol HYL.

The Company commenced its current business activities of acquiring, exploring and developing mineral properties on October 1, 2005. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at September 30, 2017, the Company had working capital of $178,952 (September 30, 2016 - working capital of $948,113), had not yet achieved profitable operations, has accumulated losses of $20,001,946 (September 30, 2016 - $18,534,665) and expects to incur further losses in the development of its business, all of which cast significant doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so (see note 15).

Management believes the Company can obtain sufficient financing to cover planned operations throughout the next twelve month period. Management plans on securing additional financing through the issue of new equity, among other things. There is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The primary office of the Company is located at 82 Richmond Street East, Suite 200, Toronto, Ontario M5C 1P1.

2. Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRSs issued and outstanding as of December 12, 2017, the date the Board of Directors approved the statements.

3. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss, which are measured at fair value. All items were initially recorded at fair value.

The functional currency of the Company is the Canadian dollar.

(b) Financial assets and liabilities

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as at fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition.

Measurement in subsequent periods depends on the classification of the financial instrument.

i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of operations.

The Company's financial assets classified as FVTPL include cash.

ii) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of operations.

The Company does not currently hold any available-for-sale financial assets.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument to the net carrying amount on initial recognition.

The Company does not currently hold any loans and receivables.

iv) Financial liabilities at FVTPL

Financial liabilities at FVTPL are financial liabilities held for trading. A financial liability is classified as at FVTPL if the instrument is acquired or incurred principally for the purpose of selling or repurchasing in the short-term or where the Company does not have the unconditional right to avoid delivering cash or another financial asset to the holders in certain circumstances.

3. Significant accounting policies (Continued)

(b) Financial assets and liabilities (Continued)

v) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The Company's financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities and convertible debentures.

vi) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(c) Cash

Cash consists of cash on hand and deposits in banks.

(d) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies (Continued)

(e) Per share information

Basic loss per share is computed by dividing the loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the year. Options and warrants are anti-dilutive and, therefore, have not been taken into account in the per share calculations.

(f) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(g) Exploration and evaluation costs

Prior to obtaining property exploration rights, all costs incurred on properties are expensed. Subsequent to obtaining exploration rights, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties. Such costs include, but are not exclusive to geological and geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes reimbursements as a reduction in exploration and evaluation costs, costs recovered on mineral properties when amounts are received. Any reimbursement in excess of the carrying amounts are recognized in income.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

3. Significant accounting policies (Continued)

(h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at September 30, 2017 or September 30, 2016.

(i) Property and equipment

Equipment or property is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment or property consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization of equipment or property commences when the asset is available for use. Equipment or property is amortized over its estimated useful life using the declining-balance method, which is based on the cost of an item of equipment or property, less its estimated residual value. The following rates are used:

Computer equipment	30%
Machinery and equipment	20%
Vehicles	30%

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment or property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statements of comprehensive income or loss.

Where an item of equipment or property consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(j) Share-based payment transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

3. Significant accounting policies (Continued)

(k) Flow-through shares

Flow-through shares are a unique Canadian tax incentive. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the Company may apply judgment on accounting policies in the absence of specific guidance within IFRS. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid (if any) by the investors and is then recognized as a deferred tax recovery on renunciation to the tax authorities and when the required spending is complete.

(l) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(m) Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Useful life of property and equipment</u>

Property and equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives would increase or decrease the amount of depreciation recorded during the period and the carrying value of equipment.

<u>Convertible debentures</u>

Management was required to make certain estimates when determining the value of the debt component of the convertible debentures. These estimates affect the allocation between the liability and equity components, based on the estimate of the rate that a non-convertible debenture with similar terms would bear.

<u>Share-based payments</u>

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the statement of loss and comprehensive loss, based on estimates of forfeiture and expected lives of the underlying stock options.

<u>Warrants</u>

Management is required to make certain estimate on all inputs in the Black-Scholes option-pricing model, when determining the fair value of warrants included in unit financings.

3. Significant accounting policies (Continued)

(n) Critical accounting judgments

Income taxes and recovery of deferred tax assets

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Going concern assumption

Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company can obtain sufficient financing to cover planned operations throughout the next twelve month period and fund the working capital deficiency.

Restoration, rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental exposure, is based on the facts and circumstances that existed in the current and prior periods.

Capitalization of exploration and evaluation costs and recoverability

At the end of each reporting period, the Company reviews the carrying amounts of its exploration and evaluation costs to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the exploration and evaluation costs are estimated in order to determine the extent of the impairment loss. Management has determined the recoverable amount is greater than the carrying value.

(o) Fair value hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of cash and short term financial instruments approximates their carrying amounts due to the relatively short period to maturity. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. Financial instruments measured at fair value include cash, which is measured as level one.

(p) Revenue recognition

Interest income is recognized on an accrual basis.

3. Significant accounting policies (Continued)

Future accounting changes

The following accounting pronouncements have been released but have not yet been adopted by the Company.

(i) IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued in final form by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Most requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses. IFRS 9 is effective for annual period beginning on or after January 1, 2018. Earlier application is permitted. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.

4. Capital management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and deficit which at September 30, 2017 totalled $11,486,177 (September 30, 2016 - $11,224,649).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the year ended September 30, 2017. The Company is not subject to any externally imposed capital requirements.

5. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

(Expressed in Canadian Dollars)

5. Financial risk factors (Continued)

Credit risk (continued)

The Company's credit risk is primarily attributable to cash. The Company has credit risk arising from operations as the joint venture partner's interest in the joint venture can be diluted for non-payment of its share of expenditures. Cash is on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. The Company's maximum exposure to credit risk as at September 30, 2017 is the carrying value of cash.

Interest rate risk

The Company has cash bearing fixed interest rates and no variable interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had current assets of $270,988 (September 30, 2016 - $1,359,434) to settle current liabilities of $92,036 (September 30, 2016 - $411,321). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days, except convertible debentures, and are subject to normal trade terms. As at September 30, 2017, the Company had working capital of $178,952 (September 30, 2016 working capital of - $948,113).

6. Property and equipment

Cost

	Computer Equipment	Machinery and Equipment	Vehicles	Total
Balance, September 30, 2015	$ 8,554	$ 161,114	$ 66,405	$ 236,073
Additions	2,084	-	-	2,084
Balance, September 30, 2016	10,638	161,114	66,405	238,157
Balance, September 30, 2017	**$ 10,638**	**$ 161,114**	**$ 66,405**	**$ 238,157**

Accumulated depreciation

	Computer Equipment	Machinery and Equipment	Vehicles	Total
Balance, September 30, 2015	$ 7,538	$ 128,969	$ 56,816	$ 193,323
Depreciation	460	6,428	2,879	9,767
Balance, September 30, 2016	7,998	135,397	59,695	203,090
Depreciation	792	5,144	2,012	7,948
Balance, September 30, 2017	**$ 8,790**	**$ 140,541**	**$ 61,707**	**$ 211,038**

(Expressed in Canadian Dollars)

6. Property and equipment (Continued)

Carrying amounts

	Computer Equipment	Machinery and Equipment	Vehicles	Total
At September 30, 2016	$ 2,640	$ 25,717	$ 6,710	$ 35,067
At September 30, 2017	**$ 1,848**	**$ 20,573**	**$ 4,698**	**$ 27,119**

7. Exploration and evaluation costs

On a quarterly basis, management of the Company reviews exploration costs to ensure mineral properties and deferred exploration expenditures include only costs and projects that are eligible for capitalization.

	Balance, September 30, 2016	Acquisition	Exploration	Reimbursements	Balance, September 30, 2017
Mount Jamie	$ 5,357,880	$ 10,000	$ 263,287	$ -	**$ 5,631,167**
Rowan	5,282,700	-	706,934	(325,678)	**5,663,956**
Red Summit	653,665	-	98	-	**653,763**
	$ 11,294,245	$ 10,000	$ 970,319	$ (325,678)	**$ 11,948,886**

	Balance, September 30, 2015	Acquisition	Exploration	Reimbursements	Balance, September 30, 2016
Mount Jamie	$ 5,302,513	$ 23,500	$ 31,867	$ -	**$ 5,357,880**
Rowan	4,357,356	-	1,030,787	(105,443)	**5,282,700**
Red Summit	653,180	-	485	-	**653,665**
	$ 10,313,049	$ 23,500	$ 1,063,139	$ (105,443)	**$ 11,294,245**

The Company's properties are as follows:

The 3100 hectare West Red Lake Project consists of three contiguous properties located in Red Lake Mining Division, District of Kenora (Patricia Portion), Northwestern Ontario. The West Red Lake Project is 20km west of Balmertown, Ontario, 250km northeast of Winnipeg, Manitoba, 150km north northwest of Dryden, Ontario and 430km northwest of Thunder Bay, Ontario. The property is part of the historic Red Lake Gold District and hosts three past producing mines - the Mount Jamie Mine, Rowan Mine, and Red Summit Mine.

(a) Mount Jamie

The Mount Jamie Mine property is comprised of 26 claims which were assembled through a series of transactions of properties that are contiguous to and include the original nine claim Mount Jamie Mine property.

7. Exploration and evaluation costs (Continued)

(a) Mount Jamie (continued)

(1) In 2005, the Company entered an option agreement to acquire a 75% interest in nine patented mining claims from Jamie Frontier Resources Inc. for $80,000 in cash, 550,000 common shares of the Company, exploration work totaling $1 million, and a 3% Net Smelter Royalty.

During 2007, the Company completed the acquisition of the remaining 25% interest in the Mount Jamie Mine property for 2,000,000 common shares of the Company. The Company now has a 100% interest in the nine mining claims located in the Red Lake Gold District in Ontario.

(2) During 2007, the Company entered into an option agreement to earn a 100% interest in five mining claims contiguous to the east of the Mount Jamie Mine property. Total consideration for these claims consisted of cash payments of $70,000, the issuance of 200,000 common shares of the Company and a commitment to carry out exploration work totaling $140,000, or cash/shares in lieu of, over a four year period. In February 2012, having met all of the requirements under the option agreement, the Company exercised its option and now owns a 100% interest in the mining claims. The property is subject to a 3% NSR in favour of the vendors, with an annual advance royalty in the amount of $10,000 plus a onetime payment of $500,000 due on the Company completing a bankable feasibility study.

(3) During 2007, the Company entered into an option agreement to acquire a 100% interest in a six mining claim property adjacent to the Mount Jamie Mine property. The claims are contiguous to the west along strike with the Company's existing Mount Jamie Mine property. The Company issued 150,000 common shares as consideration and now owns a 100% interest in the property which is subject to a 3% NSR in favour of the vendors.

(4) During 2008, the Company entered into an option agreement with Rubicon Minerals Corporation to earn a 100% interest in four mining claims contiguous to the south of the Mount Jamie Mine property. The aggregate purchase price consisted of cash payments of $50,000 and the issuance of 75,000 common shares. The Company now holds a 100% interest in the four mining claims, which is subject to a 2% NSR in favour of Rubicon Minerals Corporation.

(5) During 2010, the Company entered into an option agreement to earn a 100% interest in two mining claims contiguous to the east of the Mount Jamie Mine property. The aggregate purchase price consists of cash payments of $125,000 and the issuance of 100,000 common shares of the Company over a four year period to 2014. Payments under the original option amounted to $85,000 cash and 100,000 common shares. The property is subject to a 2% NSR in favour of Rubicon Minerals Corporation. On November 24, 2014, the Company amended the option agreement to change the remaining cash commitment of $40,000 for the year ending September 30, 2015 into two payments with each consisting of $11,000 and 250,000 common shares on December 31, 2014 (paid and issued) and December 31, 2015 (paid and issued subsequent to September 30, 2015), respectively.

(b) Rowan

During 2008, the Company entered into an Option and Joint Venture Agreement with Red Lake Gold Mines ("RLGM"), related to RLGM's 117 claim, 2,187 hectare Rowan Mine property, which is contiguous to the east of the Mount Jamie Mine property.

During fiscal 2011, the Company met the requisite exploration expenditures of $2,500,000 on the Rowan Mine property and exercised its option to acquire a 60% joint venture ownership interest in the property. RLGM advised the Company that it did not intend to exercise the option back-in right to purchase a 20% interest in the property for $5,000,000. Accordingly, the Company issued 1,000,000 common shares in favour of RLGM, with a fair value of $340,000.

7. Exploration and evaluation costs (Continued)

(b) Rowan (continued)

Subsequent to the formation of the joint venture, RLGM has a joint venture back-in right to purchase 11% interest in the property from the Company, within 90 days of the joint venture expending $5,000,000 on operations, for $7,000,000. If RLGM exercises the joint venture back-in right, it will thereafter have a 51% joint venture interest and the Company will have a 49% joint venture interest in the Rowan Mine property.

The property is subject to a 2% NSR.

(c) Red Summit

During 2008, the Company entered into an option agreement with Claude Resources Inc. to earn a 100% interest in two patented mining claims containing the former Red Summit Mine and surrounded by the Rowan Mine property. Total consideration for the claims included a cash payment of $25,000 plus work commitments of $100,000. The Company has made the cash payment and completed its work commitments. The mining claims have been transferred into the name of the Company.

The property is subject to a 3% NSR.

8. Convertible debentures

On August 14, 2015, the Company issued three unsecured convertible debentures with principal amounts of $250,000, $5,000 and $15,000. Total finders' fees of $10,800 in cash and 216,000 common shares (valued at $10,800) were incurred on the issuance.

The debentures were to mature on August 14, 2019 and bore interest at an annual rate of 12%. The debentures were convertible, in whole or in part, at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of $0.075 per common share during the first and second year of the term of the debentures, $0.10 per common share during the third year, and $0.15 per common share during the fourth year. The Company could elect, at its sole discretion, to pay the interest to the creditors by cash or by issuance of common shares of the Company.

Accretion charges attributable to the debentures for the year ended September 30, 2017 was $37,446 (year ended September 30, 2016 - $46,359).

During the year ended September 30, 2017, convertible debentures with principal amounts of $250,000, $5,000 and $15,000 were converted into 3,599,999 common shares and the Company paid interest of $28,517 in 142,585 common shares.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 20%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the debentures comprises the value of the conversion option, being the difference between the face value of the debentures and the liability element calculated above. Based on this calculation, the liability component was $196,700 ($175,100 net of transaction costs) and the residual equity component was $73,300. Accretion charges attributable to the debentures for the year ended September 30, 2017 was $37,446 (year ended September 30, 2016 - $9,603). These amounts were added to the liability component on the statements of financial position prior to conversion and is included in accretion expense on the statements of loss and comprehensive loss.

9. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Shares issued during the year ended September 30, 2016, were as follows:

(i) In December 2015, the Company issued 250,000 common shares, with a fair value of $2,500, to satisfy property acquisition commitments in connection with an expansion of the Mount Jamie Mine property (Rubicon 2 claims). The valuation was based on the fair value of the common shares issued.

(ii) In December 2015, the Company closed the first tranche of a non-brokered private placement of 1,900,000 flow-through units at a price of $0.05 per unit for gross proceeds of $95,000. Each flow-through unit consisted of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of $0.10 for a period of 18 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be $73,150.

The 950,000 warrants were assigned a fair value of $2,850 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.50%; expected volatility – 161% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.01.

In December 2015, the Company closed the final tranche of a non-brokered private placement of 500,000 flow-through units at a price of $0.05 per unit for gross proceeds of $25,000. Each flow-through unit consists of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of $0.10 for a period of 18 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be $6,000.

The 250,000 warrants were assigned a fair value of $4,000 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.48%; expected volatility – 174% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.03.

In connection with the above placements, the Company paid finder's fees consisting of $9,600 in cash.

(iii) In February 2016, the Company completed a non-brokered private placement of 3,600,000 common share units at $0.05 per unit for aggregated gross proceeds of $180,000. Each common share unit consisted of one common share and one half of a common share purchase warrant. Each full warrant entitles its holder to purchase one common share at an exercise price of $0.10 per share for a period of 24 months from the date of issuance. In connection with the financing, the Company paid finders' fees of $14,400.

The 1,800,000 warrants were assigned a fair value of $38,160 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.44%; expected volatility – 193% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 2 years; share price - $0.03.

9. Share capital (Continued)

(b) Issued (continued)

(iv) In April 2016, the Company completed a non-brokered private placement of 5,750,000 common share units at $0.10 per unit for aggregated gross proceeds of $575,000. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one common share at an exercise price of $0.15 per share for a period of 24 months from the date of issuance. In connection with the financing, the Company issued 261,000 common shares in finders' fees.

The 5,750,000 warrants were assigned a fair value of $263,769 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.52%; expected volatility – 210% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 2 years; share price - $0.12.

(v) In May 2016, the Company issued 476,128 common shares, with a fair value of $119,032, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(vi) In August 2016, the Company completed a non-brokered private placement of 5,200,000 common share units at $0.25 per unit for aggregated gross proceeds of $1,300,000. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one common share at an exercise price of $0.40 per share for a period of 18 months from the date of issuance. In connection with the financing, the Company paid finders' fees of $79,765 in cash and issued 143,000 warrants to purchase common share units at $0.25 for 24 months.

The 5,200,000 warrants were assigned a fair value of $572,499 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.53%; expected volatility – 224% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.245.

The 143,000 finders' warrants were assigned a fair value of $29,644 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.52%; expected volatility – 202% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 2 years; share price - $0.245.

(vii) In August 2016, the Company issued 384,000 common shares, with a fair value of $96,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued and services rendered.

(viii) In August 2016, the Company issued 200,000 common shares, with a fair value of $52,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued and services rendered.

(ix) In August 2016, the Company issued 115,384 common shares, with a fair value of $30,000 for an interest payment on the convertible debenture. The valuation was based on the fair value of the shares issued.

(x) During the year ended September 30, 2016, 6,066,800 warrants with a weighted average exercise price of $0.10 (note 10) and 600,000 stock options with a weighted average exercise price of $0.10 (note 11) were exercised for total proceeds of $676,680.

9. Share capital (Continued)

(b) Issued (continued)

Shares issued during the year ended September 30, 2017, were as follows:

(xi) In December 2016, the Company closed a non-brokered private placement of 4,262,500 flow-through units at a price of $0.20 per unit for gross proceeds of $852,500. Each flow-through unit consisted of one flow-through common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at a price of $0.35 for a period of 18 months from the date of closing.

The 2,131,250 warrants were assigned a fair value of $262,570 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.69%; expected volatility – 188% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.185.

(xii) In December 2016, the Company issued 771,776 common shares, with a fair value of $142,779, in exchange for $154,355 of services rendered. The valuation was based on the fair value of the shares issued. As a result the Company recorded a gain on settlement of debt of $11,576.

(xiii) In June 2017, the Company issued 1,354,007 common shares, with a fair value of $270,801, in exchange for services rendered. The valuation was based on the fair value of the shares issued and services rendered.

(xiv) In June 2017, the Company issued 11,335 common shares, with a fair value of $2,267 for an interest payment on the convertible debentures. The valuation was based on the fair value of the shares issued.

(xv) In June 2017, the Company issued 266,666 common shares on the conversion of convertible debentures. In July 2017, the Company issued 3,333,333 common shares on the conversion of convertible debentures. As a result, $73,300 was transferred from convertible debenture reserves to share capital and $204,777 was transferred from convertible debenture liabilities to share capital.

(xvi) In July 2017, the Company issued 131,250 common shares, with a fair value of $26,250 for an interest payment on the convertible debentures. The valuation was based on the fair value of the shares issued.

(xvii) During the year ended September 30, 2017, 1,965,500 warrants with a weighted average exercise price of $0.10 (note 10) were exercised for total proceeds of $198,200 and 100,000 stock options with a weighted average exercise price of $0.18 (note 11) were exercised for total proceeds of $18,000.

(Expressed in Canadian Dollars)

10. Warrants

The following summarizes the warrant activity for the years ended September 30, 2016 and September 30, 2017:

	Number of Warrants	Weighted Average Exercise Price($)
Balance, September 30, 2015	12,526,800	0.10
Exercised (i)	(6,066,800)	(0.10)
Issued (Notes 9(b)(ii), (iii), (iv) and (vi))	14,093,000	0.23
Expired	(5,850,000)	(0.10)
Balance, September 30, 2016	14,703,000	0.23
Exercised (ii)	(1,965,500)	0.10
Issued (Note 9(b)(xi))	2,131,250	0.35
Balance, September 30, 2017	**14,868,750**	**0.26**

(i) The weighted average common share price on date of exercise was $0.25.
(ii) The weighted average common share price on date of exercise was $0.23.

As at September 30, 2017, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price($)
January 28, 2018	5,194,500	0.40
February 12, 2018	1,800,000	0.10
March 30, 2018	5,600,000	0.15
June 30, 2018	2,131,250	0.35
July 28, 2018	143,000	0.25
	14,868,750	**0.26**

11. Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares.

(Expressed in Canadian Dollars)

11. Stock options (Continued)

The following summarizes the stock option activity for the years ended September 30, 2016 and September 30, 2017:

	Number of Stock Options	Weighted Average Exercise Price($)
Balance, September 30, 2015	1,870,000	0.18
Exercised (vi)	(600,000)	(0.10)
Expired	(420,000)	(0.21)
Granted (i), (ii), (iii), (iv), (v)	3,000,000	0.22
Balance, September 30, 2016	3,850,000	0.21
Exercised (viii)	(100,000)	0.18
Expired	(100,000)	0.18
Granted (vii)	350,000	0.20
Balance, September 30, 2017	**4,000,000**	**0.21**

(i) In March 2016, the Company granted 400,000 stock options to certain directors and consultants of the Company at an exercise price of $0.15. A fair value of $45,560 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.51%; expected volatility 230% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - $0.12.

(ii) In May 2016, the Company granted 900,000 stock options to consultants and service providers of the Company at an exercise price of $0.25. The options expire 3 years from grant and vested immediately. A fair value of $213,210 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.69%; expected volatility 223% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - $0.25.

(iii) In August 2016, the Company granted 1,000,000 stock options to consultants and service providers of the Company at an exercise price of $0.25. The options expire 3 years from grant and vested immediately. A fair value of $235,600 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.51%; expected volatility 219% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - $0.25.

(iv) In August 2016, the Company granted 400,000 stock options to directors of the Company at an exercise price of $0.25. The options expire 5 years from grant and vested immediately. A fair value of $98,160 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.57%; expected volatility 211% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 5 years; and share price - $0.25.

(v) In August 2016, the Company granted 300,000 stock options to consultants and service providers of the Company at an exercise price of $0.26. The options expire 3 years from grant and vested immediately. A fair value of $71,970 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.54%; expected volatility 204% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - $0.265.

(vi) The weighted average common share price on date of exercise was $0.33.

(Expressed in Canadian Dollars)

11. Stock options (Continued)

(vii) In December 2016, the Company granted 350,000 stock options to consultants and service providers of the Company at an exercise price of $0.20. The options expire 3 years from grant and vested immediately. A fair value of $56,000 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.92%; expected volatility 186% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 3 years; and share price - $0.18.

(viii) The weighted average common share price on date of exercise was $0.21.

The following table provides additional information about outstanding stock options as at September 30, 2017:

Expiry	Exercise Price ($)	Contractual Life (Years)	Number of Options Outstanding
August 29, 2018	0.10	0.91	100,000
March 14, 2019	0.15	1.45	350,000
May 26, 2019	0.25	1.65	900,000
August 8, 2019	0.25	1.85	1,000,000
August 12, 2019	0.26	1.87	300,000
December 20, 2019	0.20	2.22	350,000
August 12, 2020	0.10	2.87	600,000
August 8, 2021	0.25	3.86	400,000
	0.21	**2.14**	**4,000,000**

As at September 30, 2017, all options are exercisable.

12. Related party transactions

The Company considers key management to be officers and directors. During the year ended September 30, 2017 $332,165 (year ended September 30, 2016 - $155,063) of fees were paid or accrued to key management and companies controlled by or related to key management.

Remuneration of officers and directors of the Company was as follows:

	Year Ended September 30, 2017	Year Ended September 30, 2016
Salaries and benefits	**$ 332,165**	$ 155,063
Share-based payments	**-**	103,855

Officers and directors of the Company were also reimbursed out of pocket expenses that occurred in the normal course of operations.

At September 30, 2017, accounts payable and accrued liabilities includes $30,373 (September 30, 2016 - $40,836) owing to officers, directors and companies controlled by officers and directors.

During the year ended September 30, 2016 the Company issued 20,000 common shares with a fair value of $5,000 for balances owing for services from a director of the Company (see note 9(b)(vii)).

WEST RED LAKE GOLD MINES INC

(Expressed in Canadian Dollars)

12. Related party transactions (Continued)

Accilent Capital Management Inc., ("Accilent") a significant shareholder, purchased an aggregate of 2,400,000 flow-through units and were paid finder's fees of $9,600 in the December 2015 private placement (see note 9(b)(ii)), purchased an aggregate of 3,600,000 common share units and were paid finder's fees of $14,400 in the February 2016 private placement (see note 9(b)(iii)) and purchased an aggregate of 4,052,500 flow-through units and were paid finder's fees of $35,000 in the December 2016 private placement (see note 9(b)(xi)).

An officer and director purchased an aggregate of 100,000 flow-through units in the December 2016 private placement (see note 9(b)(xi)).

During the year ended September 30, 2017, the Company expensed $15,150 (year ended September 30, 2016 - $14,400) for rent to Accilent.

The above noted transactions are in the normal course of business and are approved by the Board of Directors.

As at September 30, 2017, directors and officers of the Company that individually control less than 10% of the common shares collectively control 5,183,517 common shares of the Company or approximately 4.5% of shares outstanding.

As at September 30, 2017, Accilent has indirect control and direction over 31,485,001 common shares and direct control and direction over 696,000 common shares of the Company, representing approximately 28.3% of shares outstanding.

To the knowledge of directors and officers of the Company, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time, at the sole discretion of the shareholders.

13. Commitment

Pursuant to the letter of agreement dated March 5, 2007 related to the 5 Golden Tree claim portion of the 26 claim Mount Jamie Mine property, a one-time payment of $500,000 is to be paid within 30 days of the Company obtaining a bankable feasibility study. In addition, the Company must make advance royalty payments of $10,000 per year, which will be deductible from future net smelter royalties, if any.

14. Income taxes

(a) Provision for income taxes

The following table reconciles the expected income tax provision at the statutory tax rate of 26.50% (2016 - 26.50%) to the amounts recognized in the statement of loss:

	Year Ended September 30, 2017	Year Ended September 30, 2016
Net loss before income taxes	**$ (1,644,231)**	$ (1,531,967)
Expected tax recovery at statutory rates	**(435,721)**	(405,971)
Increase (decrease) resulting from		
Exploration expenses renounced on flow through shares	**225,910**	31,800
Non-deductible expenses	**22,840**	53,845
Other	**10,021**	6,476
Total income tax recovery	**$ (176,950)**	$ (313,850)

(Expressed in Canadian Dollars)

14. Income taxes (Continued)

(b) Deferred tax balances

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at September 30, 2017 and 2016 are as follows:

As at	September 30, 2017	2016
Deferred income tax asset		
Non-capital tax losses carry-forward	**$ 1,858,270**	$ 1,445,900
Share issue costs	**31,160**	27,400
Fixed assets	**55,020**	52,900
	1,944,450	1,526,200
Deferred tax liabilities		
Deferred exploration expenses	**(2,613,230)**	(2,387,300)
Net deferred tax liability	**$ (668,780)**	$ (861,100)

(c) Non-capital losses

The Company has accumulated non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income. The right to use these losses expires as follows:

Canada	Year	Tax loss
	2026	$ 56,400
	2027	442,600
	2028	622,800
	2029	448,200
	2030	623,200
	2031	710,500
	2032	512,900
	2033	453,800
	2034	334,900
	2035	335,500
	2036	877,600
	2037	1,593,800
		$ 7,012,200

(d) Capital losses

The tax benefit of capital losses of $2,498,126 which can be carried forward indefinitely, has not been recognized in the financial statements due to the unpredictability of future capital gains.

15. Subsequent event

Subsequent to September 30, 2017, the Company received a reimbursement of Rowan expenditures of $224,640 from its joint venture partner.