

**Dynasty Gold Corp.**

**Condensed Interim Financial Statements**

**March 31, 2019 and 2018**

(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.

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

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<b>As at</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 430,922	\$ 472,436
Receivables (Note 5)	8,928	10,046
Prepaid expenses	3,900	3,598
	<b>443,750</b>	<b>486,080</b>
Exploration and evaluation assets (Note 6)	656,818	637,293
	<b>\$ 1,100,568</b>	<b>\$ 1,123,373</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 131,857	\$ 89,889
	<b>131,857</b>	<b>89,889</b>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	35,545,601	35,545,601
Share-based payment reserve (Note 8)	2,891,355	2,891,355
Deficit	(37,468,245)	(37,403,472)
	<b>968,711</b>	<b>1,033,484</b>
	<b>\$ 1,100,568</b>	<b>\$ 1,123,373</b>

**Nature of Business and Continuance of Operations** (Note 1)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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**Dynasty Gold Corp.****Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****For the three months ended March 31, 2019 and 2018**(Expressed in Canadian dollars)

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	Common Shares		Share-based Payment Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount			
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
Stock-based compensation	-	-	30,726	-	30,726
Comprehensive loss	-	-	-	(109,035)	(109,035)
Balance, March 31, 2018	19,735,975	\$ 35,245,601	\$ 2,780,283	\$ (37,097,218)	\$ 928,666
Balance, December 31, 2018	21,425,975	\$ 35,545,601	\$ 2,891,355	\$ (37,403,472)	\$ 1,033,484
Comprehensive loss	-	-	-	(64,773)	(64,773)
Balance, March 31, 2019	21,425,975	\$ 35,545,601	\$ 2,891,355	\$ (37,468,245)	\$ 968,711

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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

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<b>For the three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
<b>Expenses</b>		
Consulting fees (Note 9)	\$ 23,288	\$ 23,288
Office expenses, rent and salaries	8,430	10,514
Professional fees (Note 9)	3,165	6,063
Project investigation costs (Note 9)	8,763	16,538
Regulatory and transfer agent fees	3,029	8,530
Shareholder communications	18,824	13,788
Stock-based compensation (Notes 8 and 9)	-	30,726
	<b>65,499</b>	<b>109,447</b>
<b>Other items</b>		
Interest income	(726)	(412)
	<b>(726)</b>	<b>(412)</b>
<b>Comprehensive loss</b>	<b>\$ 64,773</b>	<b>\$ 109,035</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>20,971,854</b>	<b>18,249,586</b>

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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

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<b>For the three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
Cash flows provided by (used in):		
<b>Operating activities</b>		
Net loss	\$ (64,773)	\$ (109,035)
Item not affecting cash:		
Stock-based compensation	-	30,726
Changes in non-cash working capital items:		
Receivables	1,118	3,192
Prepaid expenses	(302)	178
Accounts payable and accrued liabilities	41,968	(177,651)
<b>Net Cash Flow used in operating activities</b>	<b>(21,989)</b>	<b>(252,590)</b>
<b>Financing activity</b>		
Issue of share capital for cash, net issuance costs	-	355,000
	-	<b>355,000</b>
<b>Investing activity</b>		
Exploration and evaluation asset costs and expenditures	(19,525)	(18,656)
	<b>(19,525)</b>	<b>(18,656)</b>
<b>Change in cash and cash equivalents</b>	<b>(41,514)</b>	<b>83,754</b>
<b>Cash and cash equivalents, beginning</b>	<b>472,436</b>	<b>391,116</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 430,922</b>	<b>\$ 474,870</b>
<b>Non Cash Transactions</b>		
Shares issued for acquisition of exploration and evaluation assets	\$ -	\$ 115,000

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See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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# Dynasty Gold Corp.

## Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

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

The Company was incorporated under of the laws of the province of British Columbia on December 12, 1985. The Company's principal office is located at 610 Granville Street, Suite 1613, Vancouver, B.C. V6C 3T3. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's shares are listed on the TSX-Venture Exchange (the "Exchange") under the symbol "DYG".

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of its plans, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### 2. Significant Accounting Policies

#### a) Basis of presentation and statement of compliance

These 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, 2018.

The Company's board of directors approved these condensed consolidated interim financial statements for issue on May 30, 2019.

#### 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 three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**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:

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
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).



**Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**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.

## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2019 and 2018 (Expressed in Canadian dollars)

#### 4. Cash and Cash Equivalents

	March 31, 2019	December 31, 2018
Cash at bank	\$ 207,922	\$ 249,436
Bank term deposits	223,000	223,000
	<b>\$ 430,922</b>	<b>\$ 472,436</b>

#### 5. Receivables

	March 31, 2019	December 31, 2018
GST receivable	\$ 8,697	\$ 8,099
Other receivables	231	1,947
	<b>\$ 8,928</b>	<b>\$ 10,046</b>

#### 6. Exploration and Evaluation Assets

	Golden Repeat Property	Thundercloud Gold Property	Total
<b><u>Acquisition Costs</u></b>			
Balance, December 31, 2017	\$ 127,000	\$ -	\$ 127,000
Acquisition cost	-	115,000	115,000
Balance, December 31, 2018	\$ 127,000	\$ 115,000	\$ 242,000
Balance, March 31, 2019	\$ 127,000	\$ 115,000	\$ 242,000
<b><u>Deferred Exploration Costs</u></b>			
Balance, December 31, 2017	\$ 261,726	\$ -	\$ 261,726
Property expenditures	12,458	121,109	133,567
Balance, December 31, 2018	\$ 274,184	\$ 121,109	\$ 395,293
Property expenditures	-	19,525	19,525
Balance, March 31, 2019	\$ 274,184	\$ 140,634	\$ 414,818
Total as at December 31, 2018	\$ 401,184	\$ 236,109	\$ 637,293
<b>Total as at March 31, 2019</b>	<b>\$ 401,184</b>	<b>\$ 255,634</b>	<b>\$ 656,818</b>

#### Golden Repeat Property, Nevada, USA

The Company owns a 100% interest in the Golden Repeat property, subject to 2% Net Smelter Royalty ("NSR"). The Company has the option to buy back 75% of the NSR for \$1 million within three years of commencing production.

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**Dynasty Gold Corp.****Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**6. Exploration and Evaluation Assets** (continued)**Thundercloud Gold Property, Ontario, Canada**

On February 1, 2018, the Company signed an option agreement with Teck Resources Ltd. ("Teck") to acquire a 100% interest in the Thundercloud Gold Property, located in the Archean Manitou-Stormy Lakes Greenstone Belt in Ontario. Pursuant to the agreement, the Company has an option to earn up to a 100% interest in the property by spending \$6,000,000 over five years and by issuing 1,000,000 common shares of the Company to Teck. The first 500,000 common shares are to be issued within seven days of the Exchange's approval of the option agreement (issued) and the second 500,000 common shares are to be issued on the first anniversary of signing of the agreement (Note 8). The Company must spend \$300,000 in mandatory expenditures in the first year. By mutual agreement on February 14, 2019, the Company and Teck have agreed to defer the first anniversary share issuance for 500,000 shares until September 30, 2019, and the first year mandatory expenditure date will be adjusted when the Company is in the position to acquire a drill permit from Ministry of Northern Development and Mines ("MNDM").

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**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Accounts payable	\$ 19,349	\$ 26,285
Amounts due to related parties (Note 9)	112,508	63,604
	<b>\$ 131,857</b>	<b>\$ 89,889</b>

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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2019 and 2018 (Expressed in Canadian dollars)

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#### 8. Share Capital

##### Authorized

Unlimited number of common shares without par value.

##### Share Issuances

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

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

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

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

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

On October 11, 2017, the Company closed a non-brokered private placement for 2,668,000 units at \$0.125 per unit for gross proceeds of \$333,500. Each unit consists of one common share and one common share purchase warrant expiring on October 11, 2019. No value was allocated to the warrants using the residual method. Each common share purchase warrant entitles the holder to purchase one common share at \$0.20 for the first year and at \$0.25 for the second year from closing. In connection with the private placement, the Company issued 62,300 finder's fee warrants. Each finder's fee warrants are exercisable at \$0.20 per share in the first year and at \$0.25 per share in the second year. The Company estimated the fair value of these finder's fee warrants to be \$7,138 which was included in share issuance costs. The fair value of the share purchase warrants and finder's fee warrants were determined using the Black-Scholes Option Pricing Model assuming an expected volatility of 150%, a risk-free interest rate of 1.54%, an expected life of 2 years and an expected dividend yield of 0.00%.

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

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**Dynasty Gold Corp.****Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**8. Share Capital** (continued)**Stock Options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the total issued and outstanding shares of the Company. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the market price of the shares or such other price as may be agreed to by the Company and accepted by the Exchange. All options granted under the Plan will become vested with the right to exercise one-fourth of the option immediately, and one-fourth of the option upon the conclusion of every six months subsequent to the date of the grant of the option, except options granted to consultants performing investor relations activities, which options will become vested to exercise one-fourth of the option upon every three months subsequent to the date of the grant of the option.

A summary of the status of the Company's stock options outstanding as of December 31, 2018 and 2017 and changes during the years then ended is as follows:

	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2016	-	N/A
Balance, January 1, 2017	-	-
Granted	1,500,000	0.20
Balance, December 31, 2018 and March 31, 2019	1,500,000	\$ 0.20

Total number of options exercisable as at March 31, 2019 is 1,125,000.

As at March 31, 2019, the following stock options are outstanding:

<b>Issue date</b>	<b>Number of Options Outstanding</b>	<b>Expiry date</b>	<b>Weighted average exercise price</b>
November 8, 2017	1,500,000	November 8, 2022	\$ 0.20

The weighted average life of the stock options are 3.61 years.

On November 8, 2017, the Company granted 1,050,000 stock options to officers and directors of the Company and 450,000 stock options granted to advisors. These stocks options are exercisable at \$0.20 expiring on November 8, 2022 and will vest over a period of 18 months. The fair value of these options was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected volatility	150%
Risk-free interest rate	1.56%
Expected life in years	5 years
Expected dividend yield	0.00%

For the three months ended March 31, 2019, the Company recognized stock-based compensation expense of \$Nil (2018 - \$30,726) relating to the stock options that vested during the year.

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**Dynasty Gold Corp.****Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**8. Share Capital** (continued)**Warrants**

A summary of the status of the Company's outstanding warrants as of March 31, 2019 and December 31, 2018 and changes during the years then ended is as follows:

	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2016	-	-
Issued	2,730,300	\$ 0.20
Balance, December 31, 2017	2,730,300	\$ 0.20
Issued	2,725,000	0.27
Exercised	(1,190,000)	0.28
Balance, December 31, 2018 and March 31, 2019	4,265,300	\$ <b>0.22</b>

As at March 31, 2019, the following warrants are outstanding:

<b>Issue date</b>	<b>Number of Warrants Outstanding</b>	<b>Expiry date</b>	<b>Weighted average exercise price</b>
October 11, 2017	2,428,000	October 11, 2019	\$ 0.23
October 11, 2017	62,300	October 11, 2019	0.23
March 26, 2018	825,000	March 26, 2020	0.30
November 26, 2019	950,000	April 26, 2020	0.20
	<b>4,265,300</b>		\$ <b>0.24</b>

The weighted average life of the warrants are 0.73 years.

**Share-based Payment Reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2019 and 2018 (Expressed in Canadian dollars)

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#### 9. Related Party Balances and Transactions

##### *Related Party Balances*

Included in accounts payable and accrued liabilities is \$112,508 (2017 - \$48,575) 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 three months ended March 31, 2019, the Company accrued and/or paid \$48,904 (2017 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the three months ended March 31, 2019, the Company incurred stock-based compensation expense of \$Nil (2017 - \$16,545) 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 March 31, 2019**

	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Exploration and evaluation assets	\$ 255,634	\$ 401,184	\$ 656,818

##### **As at March 31, 2018**

	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Exploration and evaluation assets	\$ 133,656	\$ 388,726	\$ 522,382

#### 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 \$430,922. 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 March 31, 2019, the risk is considered minimal.

**Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**11. Financial Risk Management** (continued)*Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is minimal as the Company's transactions and financial instruments are primarily denominated in Canadian dollars.

The Canadian dollar equivalents of cash and cash equivalents denominated in United States dollars is \$157,429.

*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 March 31, 2019, 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 March 31, 2019, 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 year.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2019

**DYNASTY GOLD CORP.**  
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Contact Person:  
Contact's Position:  
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Ivy Chong  
President  
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Date of Report:  
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Website:

May 30, 2019  
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## **DYNASTY GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2019**

#### **INTRODUCTION**

This management's discussion and analysis ("MD&A") was prepared as of May 30, 2019 and is management's assessment of Dynasty Gold Corp.'s (the "Company") operating results and financial condition. This MD&A should be read in conjunction with the condensed consolidated interim financial statements and related notes for the three months ended March 31, 2019 and the audited consolidated financial statements for the year ended December 31, 2018. 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](http://www.sedar.com).

#### **FORWARD-LOOKING STATEMENTS**

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

#### **COMPANY OVERVIEW**

Dynasty Gold Corp. is a Canadian-based, junior company focused on exploring for and developing economically viable mineral resources. The Company's 100% owned Golden Repeat Gold Property is located in Elko County, Nevada, United States.

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

The Company also owns 70% interest in an operating gold mine; the Hatu Qi-2 in the Xinjiang Province of China. The remaining 30% is owned by Western Region Gold Co. Ltd. (formerly Jinge Gold Mining Ltd.), a 100% owned subsidiary of a State-owned company Xinjiang Non-Ferrous Metal Industry (Group) Ltd. ("XNF").

XNF and its subsidiary have included the Hatu Qi-2 gold resource in an IPO listing on the Shanghai Stock Exchange, but without acknowledging Dynasty Gold Corp.'s legal rights and interests in the Property. The Company is currently in legal dispute with XNF and its subsidiary on this matter.

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

As of the date of this MD&A, the Company has not engaged in any production, nor found any proven reserves on its North America properties other than the Hatu Qi-2 gold asset which hosts a 43-101 compliant gold resource of 536,000 oz.

The Company is a reporting issuer in British Columbia and in Alberta.

## **MINERAL EXPLORATION PROJECTS**

### **NEVADA, USA**

#### **Golden Repeat Property**

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

The Golden Repeat Property consists of 49 claims located on the north slope of the Midas Trough, along the Carlin Trend, within the Northern Nevada Rift. These claims have many geological similarities to the well-known Midas Gold District. Eighteen kilometers (10 miles) east of the Property is Klondex's Midas mine that was previously owned by Newmont until February 2014 (3 million oz gold reserves at 31g/t)—an epithermal, bonanza-type gold-silver bearing system. Additionally, three major sediment-hosted gold mines, Barrick's Getchell-Turquoise Ridge, Atna's Pinson Mines and Newmont's Twin Creeks Mine, lie 15-24 kilometers (8-13 miles) west of the Property. Two distinct targets exist on the Property. One is a volcanic-hosted epithermal occurrence, similar to the Midas Mine gold-silver deposit of Klondex/Hecla. The other target is for a sediment-hosted gold occurrence underlying Tertiary volcanic rocks. The Property was drilled by Goldfields from 1992 to 1994 and by Romarco in 1997/1998.

On July 30, 2013, the Company acquired a 100% interest in the Property, subject to 2% NSR. The Company has the option to buy back 75% of the NSR for \$1 million within three years of commencing production. The Company is also required to issue an additional 62,500 common shares if proven gold or gold equivalent reserves exceed 500,000 ounces at commercially viable production grade.

The Company carried out a surface exploration program in July 2011. Its objective was to follow up drill targets identified by Yamana during their work on the Property from 2007 to 2009. Forty-one rock chip samples were taken on the eastern and southern parts of the Property and in adjacent areas peripheral to it. One float sample returned 10 g/t gold. Another sample that carried 1 g/t of gold came from an outcropping vein located near an existing road and drill sites. Three reverse circulation holes were drilled totaling 816 meters to intersect the outcropping Clover vein system and a separate structural target previously proposed by Yamana. The assay results of 576 drill samples were consistent with the previous Romarco and Yamana results in the vicinity. The first hole (DG 1) was drilled to a depth of 304 meters and encountered 0.569 g/t gold over 1.7 meters at 296 meters, and the second hole (DG-2) intercepted similar mineralization but returned no significant gold values.

The third drill hole (DG-3), drilled to 285 meters, hit a well-mineralized zone at the top of a rhyolite formation at 130 meters and intersected 12.2 meters of mineralization that averaged 1.14 g/t gold, 9.0 g/t silver, and 968 ppm arsenic. Within this interval the best intercept was 3.4 g/t gold and 44.6 g/t silver over 1.7 meters. That suggests that the altered rhyolite unit at shallow depth is a favorable target host for the mineralized Midas-style epithermal quartz veins.

On October 8, 2017, the Company renewed the Golden Repeat drill permit by depositing additional bond funds with the Bureau of Land Management (BLM) in Elko County, Nevada, United States. The drill permit was approved by BLM Nevada on November 8, 2017.

##### ***Activities during the three months ended March 31, 2019***

There were no exploration activities during the quarter.

### **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.

In early November 2018, a mapping and rock sampling program was completed on the Property. A total of 84 outcrop sites were visited throughout the Property. The West Contact area was the primary focus of the fieldwork, centring on the Glatz outcrop where rock chip samples assay returned 3.03 grams per tonne gold over 30 metres of outcrop in a previous sampling program conducted in the summer of 2018. These results extended gold mineralization from the original 39.0 metres at 8.02 g/t gold to a total of 69 metres. Other areas of interest include mineralization to the south identified by Teck in 2008 where rock chip samples returned up to 9.42 g/t gold as well as locations where previous IP surveying identified high chargeability and resistivity anomalies.

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

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

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

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

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

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

#### ***Activities during the three months ended March 31, 2019***

The Company continued its effort in data review, exploration program planning and exploration permit application. Also during the quarter, the Company and Teck have agreed to defer the first anniversary share issuance for 500,000 shares until September 30, 2019.

#### **MANAGEMENT CHANGES**

There were no management changes in the first quarter of 2019.

## FINANCIAL DATA

### Selected Annual Financial Information

The following table sets forth selected financial information for and as of the end of the periods indicated. The Financial Statements may be accessed at [www.sedar.com](http://www.sedar.com). Readers are encouraged to review the Financial Statements in their entirety.

#### Fiscal Years Ended December 31

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

### Selected Quarterly Financial Information

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

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Other Items	\$ 726	\$ 753	\$ 602	\$ 829	\$ 412	\$ 358	\$ 177	\$ 164
Net Loss	(64,773)	(99,183)	(85,910)	(121,161)	(109,035)	(184,286)	(75,403)	(81,285)
Net Loss Per Share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	\$ 1,100,568	\$ 1,123,373	\$ 1,015,040	\$ 960,645	\$ 1,008,870	\$ 794,830	\$ 694,638	\$ 590,470

### Results of Operations

During the three months ended March 31, 2019, the Company reported a net loss of \$64,773 or \$(0.00) per share (2018 - \$109,035 or \$(0.01) per share). The decrease in net loss of \$43,948 in comparison to the same quarter of last year was primarily attributed to the decrease in project investigation cost of \$7,776, office expense of \$2,085, professional fee of \$2,898 and stock-based compensation of \$30,726, a non-cash item.

### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2019, the Company had working capital of \$311,892 which included cash and short-term investments of \$430,922 (2018 - \$406,284 which included cash and short-term investments of \$474,870).

Net cash flow used in operating activities for the three months ended March 31, 2019 was \$21,989 (2018 - \$252,590).

Net cash flow provided from financing activities for the three months ended March 31, 2019 was \$Nil (2018 - \$335,000).

Net cash flow used in investing activities for the three months ended March 31, 2019 was \$19,525 (2018 - \$133,656), which was related to Thundercloud exploration expenses.

## **SHARE CAPITAL**

The following information is provided as at March 31, 2019:

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 21,425,975

Warrants – 4,265,300

Options – 1,500,000

The following information is provided as at May 30, 2019:

Issued and outstanding common shares – 21,425,975

Warrants – 4,265,300

Options – 1,500,000

### **Share Purchase Warrants**

As at March 31, 2019 and as at May 30, 2019, 4,203,000 purchase warrants are outstanding and exercisable.

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

As at March 31, 2019 and as at May 30, 2019, 62,300 finder's fee warrants are outstanding and exercisable.

### **Stock Options**

As at March 31, 2019 and as at May 30, 2019, 1,500,000 stock options are outstanding and exercisable.

## **RELATED PARTY BALANCES AND TRANSACTIONS**

### ***Related Party Balances***

Included in accounts payable and accrued liabilities is \$112,508 (2017 - \$48,575) due to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

### ***Key Management Compensation***

During the three months ended March 31, 2019, the Company accrued and/or paid \$48,904 (2017 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the three months ended March 31, 2019, the Company incurred stock-based compensation expense of \$Nil (2017 - \$16,545) for options granted to the directors and officers of the Company.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **OUTLOOK**

Trade talks between the US and China seems to have broken down as the US has increased tariff from 10% to 20% on 200 billion US dollars of Chinese imports in early May. Economic uncertainties for future growth are once again shadowing the corporate worlds on both sides of the Pacific. However, US economic indicators show that US business activities are still growing at a good pace and the Chinese government claims its economy will not be seriously affected given the internal demand generated by its vast population and trades with other nations. However, it is not easy for China to replace a customer like the US. There is little doubt that it will have long term ramifications for China as well as for the US corporations if trade disputes between these two nations go on for an extended period of time. In fact, other parts of the world will also be affected to some degree as global supply and demand chains are intertwined.

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

In the first quarter of 2019, gold price remained steady at just below the \$1,300 level. News of the Federal Reserve putting rate hike on hold will give some support for gold price but there is no catalyst for gold to go up in the short term.

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

## **CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING PRINCIPLES**

The Company's accounting policies are presented in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2018. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited annual consolidated financial statements using accounting policies consistent with International Financing Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests, environment obligations, the variables used in the determination of the fair value of stock options granted and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

Refer to Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2018.

## **MATERIAL PROCEEDINGS**

The Company is not a party to any material proceedings.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE**

The Company's management is responsible for establishing and maintaining adequate internal control



over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2019 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 three months ended March 31, 2019 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

### **1. Industry**

Dynasty is engaged in the exploration for and development of mineral properties, which involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that the Company's exploration efforts will result in discoveries of commercial mineral deposits.

### **2. Gold and Metal Prices**

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, currency fluctuation, demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

### **3. Cash Flow and Additional Funding Requirements**

The Company currently has no revenue from operations. Additional capital would be required to identify and explore property in the future. The sources of funds currently available to the Company are the sale of equity capital. Although the Company presently has sufficient financial resources to undertake project review and evaluation, and the Company has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

### **4. Exchange Rate Fluctuations**

At the present, the Company has an exploration project in the United States. The Canadian dollar has depreciated over ten percent against the US dollar in the last two years. However, the company has converted enough cash into US currency when the exchange rate was more favorable, at par. Therefore, we do not anticipate lower Canadian dollar will have immediate effect on our operation. If the currency trend is to continue and the Company decides to take on a major exploration program, it will affect the Company's cash outflow.