DOLLY VARDEN SILVER CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Dolly Varden Silver Corporation

Opinion

We have audited the accompanying financial statements of Dolly Varden Silver Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of $8,381,548 during the year ended December 31, 2018 and, as of that date, the Company's total deficit was $47,995,691. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Grant P. Block.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada | Chartered Professional Accountants

April 16, 2019

DOLLY VARDEN SILVER CORPORATION
Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
Current		
Cash	$ 2,562,774	$ 5,872,805
Prepaid expenses (Note 3)	108,472	75,655
Receivables (Note 4)	272,724	67,574
	2,943,970	6,016,034
Non-current		
Equipment (Note 5)	105,898	59,692
Deposits (Note 6)	91,000	91,000
Exploration and evaluation assets (Note 6)	3,726,426	3,626,426
	$ 6,867,294	$ 9,793,152
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7 and 10)	$ 153,468	$ 359,746
Liability on flow-through share issuance (Note 8)	155,169	-
	308,637	359,746
Non- current liabilities		
Liability on flow-through share issuance (Note 8)	-	228,741
	308,637	588,487
Shareholders' Equity		
Share capital (Note 8)	48,556,081	42,968,375
Reserves (Note 8)	5,998,267	5,850,433
Deficit	(47,995,691)	(39,614,143)
	6,558,657	9,204,665
	$ 6,867,294	$ 9,793,152

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board on April 16, 2019:

"James Sabala"
Director

"Thomas E Wharton Jr. "
Director

DOLLY VARDEN SILVER CORPORATION
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended December 31, 2018		Year ended December 31, 2017
EXPENSES				
Exploration and evaluation (Note 6)	$	7,609,914	$	5,008,085
Consulting fees (Note 10)		75,719		73,310
Directors' fees (Note 8, 10)		56,782		82,703
Management fees (Note 10)		335,344		391,049
Marketing and communications (Note 10)		120,273		271,775
Office and administration (Note 10)		162,167		241,312
Professional fees		56,256		79,398
Rent and maintenance		62,647		55,968
Salaries and benefits (Note 10)		-		97,464
Share-based compensation (Note 8)		768,000		559,578
Transfer agent and filing fees		30,923		25,342
Travel and accommodation		34,137		25,070
Operating loss		(9,312,162)		(6,911,054)
Recovery on flow-through premium (Note 8)		708,073		613,743
Extinguishment of accounts payables		161,933		-
Part XII.6 tax		(8,090)		(9,633)
Interest income		68,698		36,479
Loss and comprehensive loss for the year	$	(8,381,548)	$	(6,270,465)
Basic and diluted loss per common share	$	(0.17)	$	(0.16)
Weighted average number of common shares outstanding		49,901,528		38,971,638

DOLLY VARDEN SILVER CORPORATION
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Common Shares		Share Capital		Reserves		Deficit		Total Shareholders' Equity
Balance, December 31, 2016	**34,464,759**	**$**	**35,936,719**	**$**	**5,340,511**	**$**	**(33,343,678)**	**$**	**7,933,552**
Issuance of flow through common shares	4,705,881		3,999,999		-		-		3,999,999
Issuance of common shares	5,189,128		3,773,746		-		-		3,773,746
Flow-through premium	-		(564,706)		-		-		(564,706)
Share issuance costs	-		(475,164)		-		-		(475,164)
Exercise of warrants	625,000		240,625		-		-		240,625
Transfer from reserves on exercise of warrants	-		45,626		(45,626)		-		-
Exercise of stock options	25,000		7,500		-		-		7,500
Transfer from reserves on exercise of stock options	-		4,030		(4,030)		-		-
Share-based compensation	-		-		559,578		-		559,578
Loss and comprehensive loss for the year	-		-		-		(6,270,465)		(6,270,465)
Balance, December 31, 2017	**45,009,768**		**42,968,375**		**5,850,433**		**(39,614,143)**		**9,204,665**
Issuance of flow through common shares	7,637,636		4,200,700		-		-		4,200,700
Share issuance costs	-		(286,784)		-		-		(286,784)
Flow-through premium	-		(634,501)		-		-		(634,501)
Exercise of warrants	4,375,000		1,471,875		-		-		1,471,875
Transfer from reserves on exercise of warrants	-		448,581		(448,581)		-		-
Exercise of stock options	350,000		216,250		-		-		216,250
Transfer from reserves on exercise of stock options	-		171,585		(171,585)		-		-
Share-based compensation	-		-		768,000		-		768,000
Loss and comprehensive loss for the year	-		-		-		(8,381,548)		(8,381,548)
Balance, December 31, 2018	**57,372,404**	**$**	**48,556,081**	**$**	**5,998,267**	**$**	**(47,995,691)**	**$**	**6,558,657**

DOLLY VARDEN SILVER CORPORATION
Statement of Cash Flows
(Expressed in Canadian Dollars)

		Year ended December 31, 2018		Year ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(8,381,548)	$	(6,270,465)
Items not affecting cash:				
Share-based compensation		768,000		559,578
Directors' fees		(22,718)		69,196
Recovery on flow-through premium		(708,073)		(613,743)
Extinguishment of accounts payables		(161,933)		-
Depreciation of equipment		18,000		15,213
Changes in non-cash working capital items:				
(Increase) decrease in receivables		(205,150)		96,756
(Increase) decrease in prepaid expenses		(32,817)		176,977
Decrease in accounts payable and accrued liabilities		(21,627)		(273,207)
Cash used in operating activities		(8,747,866)		(6,239,695)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment		(64,206)		-
Acquisition of exploration and evaluation assets		(100,000)		(102,334)
Cash used in investing activities		(164,206)		(102,334)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common shares		4,200,700		7,773,745
Exercise of warrants		1,471,875		240,625
Exercise of options		216,250		7,500
Share issuance costs		(286,784)		(475,164)
Cash provided by financing activities		5,602,041		7,546,706
Change in cash during the year		(3,310,031)		1,204,677
Cash, beginning of year		5,872,805		4,668,128
Cash, end of year	$	2,562,774	$	5,872,805

Supplemental disclosure with respect to cash flows:				
Interest income received in cash	$	66,615	$	25,392
Non-cash transactions:				
Fair value of warrants exercised	$	448,581	$	45,626
Fair value of stock options exercised		171,585		4,030
Premium liability on flow-through shares		634,501		564,706

(The accompanying notes are an integral part of these financial statements)

1 NATURE OF OPERATIONS AND GOING CONCERN

Dolly Varden Silver Corporation (the "Company") was incorporated under the Canada Business Corporation Act in the Province of British Columbia on March 4, 2011. The Company's primary business is the acquisition, exploration, and evaluation of exploration and evaluation assets. The Company is considered to be in the exploration and evaluation stage. The Company's head office is suite 1130-1055 Hastings St. W., Vancouver, BC, V6E 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8.

The Company owns interests in multiple mineral titles and claims. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements and to complete the development of properties and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a Going Concern, 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. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2018, the Company had incurred accumulated losses of $47,995,691 (2017 - accumulated loss of $39,614,143) and incurred a loss of $8,381,548 (2017 - $6,270,465) and has a working capital surplus of $2,635,333 (2017 - $5,656,288). The Company will continue to have to raise funds beyond its current working capital balance in order to continue to advance the Dolly Varden Property. While the Company has been successful in obtaining certain funding in 2017 and in the current year, there is no assurance that such future financing will be available or be available on favourable terms. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with IAS 1 "Presentation of Financial Statements' ("IAS 1") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements were approved by the board of directors of the Company on April 16, 2019.

(b) Basis of Presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(d) Equipment

The Company records equipment using the cost method, whereby equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded over the useful lives of the assets on a declining balance basis at the following annual rates.

Dock	5%
Gas tank	10%
Boat	15%
Tents and trailers	30%
General equipment	20%
Vehicles	30%

An item of equipment is derecognized 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.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of 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.

(e) Exploration and Evaluation Assets

Upon acquiring the legal right to explore a mineral property (exploration and evaluation assets), all direct costs related to the acquisition of a mineral property are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and the decision to proceed with development are recognized in profit or loss as incurred, net of recoveries. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(f) Impairment of Non-Financial Assets

Non-financial assets are evaluated at least annually by management for indicators that the carrying value is impaired and may not be recoverable. The Company's non-financial assets are equipment and exploration and evaluation assets. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(f) Impairment of Non-Financial Assets– (cont'd)

Additionally, the reviews consider factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and resources and expected future production revenues and expenses.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Decommissioning Liabilities

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or evaluation of exploration and evaluation assets, and equipment. Provisions for site closure and decommissioning are recognized in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in exploration and evaluation assets and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in profit or loss.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and decommissioning costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and decommissioning liabilities becomes available.

(h) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These and other estimates are subject to measurement uncertainty and the effect on the financial statements of changes in these estimates could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(h) Use of estimates and Judgments – (cont'd)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Recoverability of the carrying value of the Company's exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities include, but are not limited to, the following:

i) Share-based compensation

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

ii) Estimating useful life of equipment

Depreciation of equipment is charged to write down the value of those assets to their residual value over their respective estimated useful lives. Management is required to assess the useful economic lives and residual values of the assets such that depreciation is charged on a systematic basis to the current carrying amount. The useful lives are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

iii) Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

iv) Accrual of BC Mineral Exploration Tax Credit ("BC METC")

The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC. The credit is calculated as 20% of qualified mining exploration expenses less the amount of any assistance received or receivable. Management has estimated and accrued the likely refundable amount arising from expenses incurred in the current year. The determination of the expenditures which would qualify as mining exploration expenses was based on the previous years' tax filings and subsequent reviews by government auditors.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(i) Adoption of New Accounting Standards, Amendments and Interpretations

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instruments retrospectively. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Prior periods were not restated and there was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and financial assets. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

(i) Classification and measurement of financial assets and liabilities

Under IFRS 9, financial assets, on initial recognition, are recognized at fair value and subsequently classified and measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). It eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets which consist of deposits, and receivables, are classified as amortized cost. Cash is classified as FVTPL.

Financial assets are classified as current assets or non-current assets based on their maturity date.

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 substantially unchanged. The Company's financial liabilities which consist of accounts payable and accrued liabilities are classified as amortized cost.

(ii) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the statement of loss and comprehensive 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.

The Company's financial assets measured at amortized cost are subject to the ECL model. The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets given that receivables are substantially all due from the Government of Canada there is minimal level of default.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

Flow-through shares are a type of common share and are securities permitted by Canadian Income Tax Legislation whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability. The flow-through premium liability is included in profit or loss as the qualifying expenditures are incurred.

(k) Income taxes

Current income taxes

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is recognized as the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(l) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign exchange gains and losses are included in profit or loss.

(m) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share amounts are calculated assuming that the proceeds received from the exercise of stock options and warrants would be used to repurchase shares at the prevailing market rate. When a loss is incurred during the period, this calculation is considered to be anti-dilutive.

(n) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. The Company currently has incurred no comprehensive income or loss.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

(o) Share-based compensation

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense offset by reserves. The fair value of share-based compensation is determined using the Black-Scholes option pricing model. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in the reserves, are credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the equity instruments. Otherwise, share based compensation are measured at the fair value of goods or services received.

The Company has granted its directors deferred share units (DSUs) in the past whereby each DSU entitles a director to receive, upon his or her retirement from the Company, the cash equivalent of the market value of number of DSUs they have accumulated during their directorship, where each DSU is equal to one common share of the Company. DSUs are earned in lieu of receiving cash for directors' fees and are calculated at the end of each quarter, based on the market value of the Company's common shares.

(p) Comparatives

Certain comparatives have been reclassified to conform to the current year's presentation.

(q) New standards not yet adopted

The following new standards, and amendments to standards and interpretations, effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements.

IFRS 16 - Leases

On January 13, 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 for the annual reporting period beginning on January 1, 2019 and apply the following practical expedients on initial application:

- application only to contracts that were previously identified as leases, and;
- electing to not recognize leases for which the underlying asset is of low value or considered to be a short-term lease.

The application of IFRS 16 will not have any impact on the amounts recognized in our financial statements for finance leases. The Company's leases are short-term leases and will therefore elect not to recognize its leases as an asset.

(Expressed in Canadian Dollars)

3 PREPAID EXPENSES

Prepaid expenses consist of:

	December 31, 2018	December 31, 2017
Advances for exploration expenditures	$ 72,880	$ 49,000
Insurance	35,592	21,692
Other	-	4,963
Total	$ 108,472	$ 75,655

4 RECEIVABLES

Receivables consist of:

	December 31, 2018	December 31, 2017
GST and HST	$ 270,351	$ 39,086
Other	2,373	28,488
Total	$ 272,724	$ 67,574

5 EQUIPMENT

	Dock	Tents and Trailers	Equipment	Vehicles	Gas Tank	Boat	Total
Cost							
At December 31, 2016	$ 15,571	$ 138,521	$ 39,619	$ 26,705	$ 40,000	$ -	$ 260,416
Additions / (disposals)	-	-	-	-	-	-	-
At December 31, 2017	15,571	138,521	39,619	26,705	40,000	-	260,416
Additions / (disposals)	-	-	18,890	20,971	-	24,345	64,206
At December 31, 2018	$ 15,571	$ 138,521	$ 58,509	$ 47,676	$ 40,000	$ 24,345	$ 324,622
Accumulated Depreciation							
At December 31, 2016	$ 3,764	$ 116,527	$ 24,033	$ 23,772	$ 17,415	$ -	$ 185,511
Depreciation for the year	2,361	6,596	3,116	880	2,260	-	15,213
At December 31, 2017	6,125	123,123	27,149	24,652	19,675	-	200,724
Depreciation for the year	472	4,619	4,440	4,618	2,034	1,817	18,000
At December 31, 2018	$ 6,597	$ 127,742	$ 31,589	$ 29,270	$ 21,709	$ 1,817	$ 218,724
Net Book Value							
At December 31, 2017	$ 9,446	$ 15,398	$ 12,470	$ 2,053	$ 20,325	$ -	$ 59,692
At December 31, 2018	$ 8,974	$ 10,779	$ 26,920	$ 18,406	$ 18,291	$ 22,528	$ 105,898

(Expressed in Canadian Dollars)

6 EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to all of it properties are in good standing.

Exploration and evaluation assets costs are set out below:

		Dolly Varden Property		Musketeer Property		Dolly Varden Project Total
Balance as of December 31, 2016	$	2,645,020	$	879,072	$	3,524,092
Additions		-		102,334		102,334
Balance as of December 31, 2017		2,645,020		981,406		3,626,426
Additions		-		100,000		100,000
Balance of December 31, 2018	$	2,645,020	$	1,081,406	$	3,726,426

Dolly Varden Property

During 2011, the Company purchased the Dolly Varden Property, consisting of fee simple titles, mineral claims and mineral tenures in respect of certain lands located in the Kitsault area of British Columbia. A finder's fee of $62,500 was paid through the issuance of shares to a shareholder of the Company. The property is subject to a 2% net smelter return royalty ("NSR") of which one half (or 1% NSR) can be repurchased by the Company for $1,000,000 at any time. To date, $2,645,020 of acquisition costs have been capitalized.

The Company has provided deposits totalling $91,000 (December 31, 2017 - $91,000) as reclamation bonds for the property.

Musketeer Property

On March 18, 2013, the Company entered into an option agreement to acquire a 100% interest in the Musketeer property located in Northwestern BC Canada for $1,050,000 payable over four years, subject to a 2% NSR.

The Company paid an aggregate option payment of $350,000 in fiscal 2013 and the second option payment of $233,333 in fiscal 2014. In early 2015, the remaining two payments were renegotiated for a fee of $10,000 included with the February 2015 payment of $183,333. In February 2016, the agreement was further renegotiated for a fee of $10,000 and the option payment of $81,000 was paid. During fiscal 2017 a further option payment of $102,334 was made. During the year ended December 31, 2018 the final option payment of $100,000 was made. To date, $1,081,406 of acquisition costs have been capitalized. The Company now refers to the Musketeer Property as part of the Dolly Varden Property as the final option payment was paid during the year ended December 31, 2018.

(Expressed in Canadian Dollars)

6 EXPLORATION AND EVALUATION ASSETS (cont'd)

The following table summarizes the exploration and evaluation expenses incurred for the year ended December 31, 2018:

		Dolly Varden Property
Assay	$	474,923
Camp, food, supplies and misc.		1,200,724
Claim maintenance		29,502
Depreciation		18,000
Drilling		3,932,431
Equipment and warehouse rental		272,690
Field project and management		119,266
Fuel		312,429
Geological and geoscience consulting		629,407
Lease payments on land		24,000
Mapping and modelling		49,000
Project supervision		314,267
Resource and metallurgy		13,921
Road and drill pad preparation		100,348
Transport, travel and accommodation		65,003
Community relations and professional fees		54,003
Total	$	7,609,914

The following table summarizes the exploration and evaluation expenses incurred for the year ended December 31, 2017:

		Dolly Varden Property		Musketeer Property		Total
Assay	$	355,196	$	39,464	$	394,660
Camp, food, supplies and misc.		754,237		83,803		838,040
Claim maintenance		11,152		1,239		12,391
Data and sampling analysis		4,143		460		4,603
Depreciation		13,692		1,521		15,213
Drilling		1,929,752		214,417		2,144,169
Equipment and warehouse rental		270,419		30,047		300,466
Field project and management		124,583		13,843		138,426
Fuel		186,513		20,724		207,237
Geological and geoscience consulting		300,454		33,384		333,838
Geotechnical studies		79,982		8,887		88,869
Lease payments on land		21,600		2,400		24,000
Mapping and modelling		65,687		7,299		72,986
Project supervision		226,050		25,117		251,167
Road and drill pad preparation		141,284		15,698		156,982
Transport, travel and accommodation		63,409		7,045		70,454
Cost recovery: BCMETC		(40,874)		(4,542)		(45,416)
Total	$	4,507,279	$	500,806	$	5,008,085

(Expressed in Canadian Dollars)

7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Consists of:

		December 31, 2018		December 31, 2017
Trade payables and accrued liabilities	$	110,782	$	290,550
Other accrual (1)		42,686		69,196
Total	$	153,468	$	359,746

(1) Includes $42,686 (December 31, 2017 - $69,196) accrued to independent directors for directors' fees outstanding as deferred share units, "DSU", described more fully in Note 10.

During the year ended December 31, 2018, the Company recorded an extinguishment of accounts payable totalling $161,933. These payables were outstanding for a period of time, that was greater than the statute of limitations for a civil claim.

8 SHARE CAPITAL AND RESERVES

Share Capital:

Authorized: Unlimited common shares without par value

During the year ended December 31, 2017, the Company completed the following financings:

A private placement on February 28, 2017 raised gross proceeds of $2,000,000 through the sale of 1,369,863 common shares at a price of $0.73 per share and 1,176,470 flow-through common shares at a price of $0.85 per share. In connection with this private placement, the Company paid a finder's fee of $120,000, equal to 6% of the gross proceeds in the offering and share issuance costs of $17,895. The Company recorded a flow-through premium liability of $141,177 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

A private placement on September 14, 2017 raised gross proceeds of $5,729,999 through the sale of 3,739,726 common shares at a price of $0.73 per share and 3,529,411 flow-through shares at a price of $0.85 per common share. In connection with this private placement, the Company paid a finder's fee of $299,388, equal to 6% of the gross proceeds in the offering and share issuance costs of $37,881. The Company recorded a flow-through premium liability $423,529 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares. In connection with the September 14, 2017 private placement Hecla Mining Company ("Hecla") exercised its pre-emptive right under the Ancillary Rights Agreement dated September 4, 2012 between the Company and Hecla to maintain its ownership interest in the Company. Of the 3,739,726 common shares issued at a price of $0.73 per share, Hecla subscribed to 1,000,000 common shares.

On September 29, 2017 Hecla exercised its pre-emptive right under the Ancillary Rights Agreement and subscribed for 79,539 shares at $0.55 per common share for proceeds of $43,746.

During the year ended December 31, 2018 the Company issued 4,375,000 common shares on the exercise of warrants for proceeds of $1,471,875 and issued 350,000 common shares on exercise of options for proceeds of $216,250.

On August 24, 2018 the Company closed the first tranche of its private placement and raised gross proceeds of $3,700,200 through the sale of 6,727,636 flow-through shares at a price of $0.55 per share. On September 28, 2018 the Company closed the final tranche of its private placement financing to raise gross proceeds of $500,500 through the sale of 910,000 flow-through shares at a price of $0.55 per common share. Total gross proceeds raised in both the first and final tranche was $4,200,700 from the sale of 7,637,636 flow through shares at $0.55 per share. A finders' fee of 6% of the gross proceeds, totalling $252,042, which included $226,302 paid to Eventus Capital Corp., $23,925 paid to PI Financial Corp. and $1,815 paid to Industrial Alliance Securities Inc. The Company recorded a flow-through premium liability of $634,501 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

(Expressed in Canadian Dollars)

8 SHARE CAPITAL AND RESERVES (cont'd)

Warrants:

At December 31, 2018, there were no share purchase warrants outstanding.

Stock Options:

The Company has a stock option plan under which it is authorized to grant share purchase options to executive officers, directors, employees and consultants enabling the holder to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option shall be no less than the discounted market price of the Company's shares prior to the grant as in accordance with TSX Venture Exchange policies. Options are granted for a maximum term of 10 years.

Vesting is at the discretion of the Board of directors. In the absence of a vesting schedule, such options shall vest immediately.

As at December 31, 2018, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Options		Exercise Price	Expiry Date
40,000	$	1.60	June 16, 2019
15,000		0.70	December 5, 2019
450,000		0.75	December 5, 2019
50,000		0.70	December 14, 2019
50,000		0.75	December 14, 2019
190,000		0.30	October 23, 2020
500,000		0.75	July 29, 2021
650,000		0.65	December 2, 2021
925,000		0.59	May 18, 2022
1,200,000		0.79	February 15, 2023*
4,070,000			

* 25,000, options were forfeited unexercised subsequent to December 31, 2018.

During the year ended December 31, 2018, the Company granted 1,200,000 (2017 - 1,085,000) stock options to directors, employees and consultants with a total fair value of $768,000 (2017 - $531,996) or $0.64 (2017 - $0.49) per option. During the year ended December 31, 2018, the Company recognized a total of $768,000 (2017 - $559,578) in share-based compensation for the options vested during the year.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	Years ended December 31 2018	2017
Risk free interest rate	2.15%	0.92%
Expected dividend yield	0%	0%
Annualized stock price volatility	114%	122%
Expected life of options	5 years	5 years
Expected forfeiture rate	0%	0%

(Expressed in Canadian Dollars)

8 SHARE CAPITAL AND RESERVES (cont'd)

Stock options and warrants:

Stock option and warrant transactions summarized as follows:

	Warrants			Stock Options		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Outstanding, December 31, 2016	5,892,550	$	0.40	2,955,000	$	0.93
Granted	-		-	1,085,000		0.59
Exercised	(625,000)		0.39	(25,000)		0.30
Forfeited	-		-	(585,000)		1.66
Outstanding, December 31, 2017	5,267,550		0.40	3,430,000		0.70
Granted	-		-	1,200,000		0.79
Exercised	(4,375,000)		0.34	(350,000)		0.62
Forfeited / expired	(892,550)		0.71	(210,000)		1.42
Outstanding, December 31, 2018	-	$	-	4,070,000	$	0.70
Exercisable, December 31, 2018	-	$	-	4,070,000	$	0.70

Deferred share units ("DSU"):

The Company has a DSU plan which entitles certain directors and officers and to receive the cash equivalent of the DSUs when they retire from the Company. In October 2015, the Company ceased further accruals under the DSU plan. The Company has recognized a discharge of liability of $nil during the year ended December 31, 2018 (2017 - $45,366) and a decrease in the fair value liability of the remaining DSU Units of $22,718 (2017 - increase of $9,226) in directors' fees as a result of the change in the Company's common share price.

During year ended December 31, 2018, the Company paid, in addition to the DSU plan, directors' fees of $79,500 (2017 - $79,500).

Flow-Through Premium Liability:

The following is a continuity of the liability portion of the flow-through share issuances:

Balance as of December 31, 2016	$	277,778
Flow-through premium liability additions		564,706
Settlement of flow-through share premium liability pursuant to qualifying expenditures		(613,743)
Balance as of December 31, 2017		228,741
Flow-through premium liability additions		634,501
Settlement of flow-through share premium liability pursuant to qualifying expenditures		(708,073)
Balance as of December 31, 2018	$	155,169

(Expressed in Canadian Dollars)

9 CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue other business opportunities and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The capital of the Company consists of items within shareholders' equity.

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.

The Company is dependent on the capital markets as its main source of operating capital and the Company's capital resources are largely determined by the strength of the junior public markets, by the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects. There have been no changes to the Company's approach to capital management during the year ended December 31, 2018.

10 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the Company incurred the following amounts charged by officers and directors (being key management personnel) and companies controlled and/or owned by officers and directors of the Company in addition to the related parties transactions disclosed elsewhere in these financial statements:

	Years ended December 31,	
	2018	2017
Directors' fees (dollar value before share price adjustment)	$ 79,500	$ 79,500
Management fees	295,000	345,000
Share-based compensation	400,000	245,000
	$ 774,500	$ 669,500

Other related party transactions are as follows:

	Year ended December 31,	
	2018	2017
Exploration and evaluation *	$ 32,500	$ 46,500
Management fees *	40,344	46,049
Marketing and communications *	70,323	48,496
Office and administration *	105,573	115,017
Rent and maintenance *	60,000	58,333
Costs included in exploration and evaluation expense**	49,000	95,500
Share-based compensation	112,000	-
	$ 469,740	$ 409,895

* Fees were paid to a management service company controlled by the chief executive officer and director of the Company that provides office space, a corporate secretary, investor relations, accounting and administration staff to the Company on a shared cost basis.

** Paid to a company and a management service company controlled by the chief executive officer and director of the Company.

At December 31, 2018, included in accounts payable and accrued liabilities is $76,585 (December 31, 2017 - $69,196) owed to directors, officers, and former directors and/or officers of the Company. These amounts are unsecured, non-interest bearing and are due on demand.

At December 31, 2018, included in prepaid expenses is $Nil paid to an officer of the Company (December 31, 2017 - $4,963).

11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables, deposits, and accounts payable and accrued liabilities.

Financial instruments

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables, deposits, and accounts payable and accrued liabilities, approximate fair value because of the short-term nature of these instruments.

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

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank balances and demand Guaranteed Investment Certificates at reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments also included receivables from government agencies.

The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing through the issuance of additional securities, the entering into credit facilities or the entering into joint ventures, partnerships or other similar arrangements. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise adequate financing in the future to meet its obligations and repay its liabilities arising from normal business operations when they come due. As at December 31, 2018, the Company had a cash balance of $2,562,774 to settle current liabilities of $153,468, excluding the liability on flow-through share issuance.

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are redeemable at any time and interest can be earned up to the date of redemption.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's future mining operations will be significantly affected by changes in the market prices for silver. Precious metal prices fluctuate daily and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities, and stability of exchange rates can all cause significant fluctuations in commodity prices.

(Expressed in Canadian Dollars)

12 INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

For the years ended December 31,		2018		2017
Loss for the year	$	(8,381,548)	$	(6,270,465)
Expected income tax recovery		(2,259,000)		(1,630,000)
Change in statutory rates and other		(52,000)		(213,000)
Permanent difference		403,000		306,000
Impact of flow through share issuance		1,216,000		1,272,000
Share issuance costs		(77,000)		(124,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		(362,000)		68,000
Change in unrecognized deductible temporary differences		1,131,000		321,000
Total income tax expense (recovery)	$	-	$	-

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

For the years ended December 31,		2018		2017
Deferred tax assets				
Exploration and evaluation assets	$	3,826,000	$	3,004,000
Property and equipment		91,000		86,000
Share issuance costs		218,000		247,000
Non-capital losses available for future periods		3,093,000		2,761,000
	$	7,228,000	$	6,098,000
Unrecognized deferred tax assets		(7,228,000)		(6,098,000)
Net deferred tax assets	$	-	$	-

The Company's unrecognized deductible temporary differences, tax credits and tax losses are as follows:

As at December 31,		2018			2017
Temporary Differences					
Investment tax credit	$	711,000	2031 to 2033	$	711,000
Property and equipment	$	337,000	No expiry date	$	319,000
Exploration and evaluation assets	$	12,246,000	No expiry date	$	9,202,000
Share issuance costs	$	807,000	2019 to 2022	$	887,000
Non-capital losses available for future periods	$	11,455,000	2029 to 2038	$	10,228,000