2017 ANNUAL FINANCIAL STATEMENTS

RADISSON MINING RESOURCES INC.

Raymond Chabot Grant Thornton

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Independent Auditor's Report

To the shareholders of
Radisson Mining Resources Inc.

We have audited the accompanying financial statements of Radisson Mining Resources Inc., which comprise the statement of financial position as at December 31, 2017, the statement of earnings and the statement of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Radisson Mining Resources Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

Other point

The financial statements of Radisson Mining Resources Inc. for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion as at April 18, 2017.

Raymond Chabot Grant Thornton LLP [1]

Rouyn-Noranda
April 26, 2018

[1]CPA auditor, CA public accounting permit no. A119351

RADISSON MINING RESOURCES INC.

Statement of financial position as at December 31, 2017
(in Canadian dollars)

	December 31, 2017	December 31, 2016
	$	$
Assets		
Current:		
Cash and cash equivalents (Note 4)	**641,357**	237,383
Funds reserved for evaluation and exploration (Notes 4 and 10)	**1,161,443**	1,492,420
Investments available-for-sale (Note 4)	**143,000**	187,200
Government taxes and mining taxes receivable	**234,044**	247,276
Other accounts receivable	**21,190**	1,190
Prepaid expenses	**29,306**	27,265
	2,230,340	2,192,734
Non-current:		
Property, plant and equipment	**9,872**	3,810
Evaluation and exploration assets (Note 5)	**12,058,604**	9,530,749
	14,298,816	11,727,293
Liabilities		
Current:		
Accounts payable and accrued liabilities	**358,951**	329,694
Non-current:		
Deferred income tax (Note 6)	**959,458**	3,031,730
Other liability related to flow-through shares (Note 7)	**179,439**	332,392
	1,497,848	3,693,816
Equity:		
Share Capital (Note 8)	**37,753,701**	35,258,698
Equity settled reserve	**3,932,946**	3,793,884
Warrants (Note 8)	**224,152**	150,042
Deficit	**(29,151,432)**	(31,254,948)
Accumulated other comprehensive income	**41,601**	85,801
	12,800,968	8,033,477
	14,298,816	11,727,293

The accompanying notes are an integral part of the financial statements.

The financial statements have been approved and authorized for publication by the Board of Directors on April 26, 2018.

(s) Mario Bouchard
Mario Bouchard
Director

(s) Jean-Marie Dupont
Jean-Marie Dupont
Director

RADISSON MINING RESOURCES INC.

Statement of earnings
For the year ended December 31, 2017
(in Canadian dollars)

	2017	2016
	$	$
Revenues:		
Other income	**3,823**	-
Rental revenues	**15,210**	-
Gain on disposal of investments	**-**	5,000
Interest income	**13,781**	1,361
	32,814	6,361
Administration costs:		
Salaries and employee benefits	**76,522**	66,995
Share-based compensation and payments	**77,790**	42,370
Experts and subcontractors	**107,238**	149,500
Professional fees	**17,500**	34,416
Travelling and promotion	**100,187**	116,199
Information to shareholders	**62,557**	56,364
Listings and registration fees	**35,527**	57,544
Office supplies	**27,806**	10,069
Insurance, taxes and licences	**19,587**	15,708
Interest and bank charges	**1,177**	1,669
Part XII.6 income tax	**204**	270
Telecommunications	**4,144**	7,695
Depreciation of property, plant and equipment	**3,088**	1,393
Maintenance of a mining site	**14,166**	13,779
	547,493	573,971
Loss before income taxes	**(514,679)**	(567,610)
Deferred income taxes (Note 6)	**2,618,195**	11,892
Net income (loss) for the year	**2,103,516**	(555,718)
Basic and diluted net income (loss) per share (Note 9)	**0.0188**	(0.006)

The accompanying notes are an integral part of the financial statements.

RADISSON MINING RESOURCES INC.

Statement of comprehensive income
For the year ended December 31, 2017
(in Canadian dollars)

	2017	2016
	$	$
Net income (loss) for the year	**2,103,516**	(555,718)
Other comprehensive loss		
Items that may be subsequently reclassified to net loss		
Changes in gain or loss on available-for-sale investments, net of income taxes		
Unrealized gain (loss) of the year on available-for-sale investments	**(44,200)**	90,801
Gain realized during the year reclassified to net loss	**-**	(5,000)
Comprehensive income (loss) for the exercise	**2,059,316**	(469,917)

The accompanying notes are an integral part of the financial statements.

RADISSON MINING RESOURCES INC.

Statement of changes in equity as at December 31, 2017
(in Canadian dollars)

	Share capital	Equity settled reserve	Deficit	Warrants	Accumulated other comprehensive income	**Total equity**
	$	$	$	$	$	**$**
Balance as at December 31, 2016	35,258,698	3,793,884	(31,254,948)	150,042	85,801	**8,033,477**
Common shares issuance	869,692	-	-	-	-	**869,692**
Flow-through shares issuance	1,610,725	-	-	-	-	**1,610,725**
Share issuance costs	(135,179)	-	-	8,124	-	**(127,055)**
Share-based compensation and payments	-	77,790	-	-	-	**77,790**
Warrants issued	-	-	-	144,220	-	**144,220**
Warrants exercised	99,765	-	-	(16,962)	-	**82,803**
Warrants expired	-	61,272	-	(61,272)	-	**-**
Options exercised	50,000	-	-	-	-	**50,000**
	37,753,701	3,932,946	(31,254,948)	224,152	85,801	**10,741,652**
Net income for the year	-	-	2,103,516	-	-	**2,103,516**
Other comprehensive income						
Unrealized loss for the year on investments available-for-sale	-	-	-	-	(44,200)	**(44,200)**
Total income (loss) for the year	-	-	2,103,516	-	(44,200)	**2,059,316**
Balance as at December 31, 2017	37,753,701	3,932,946	(29,151,432)	224,152	41,601	**12,800,968**

The accompanying notes are an integral part of the financial statements.

RADISSON MINING RESOURCES INC.

Statement of changes in equity as at December 31, 2017
(in Canadian dollars)

	Share capital	Equity settled reserve	Deficit	Warrants	Accumulated other comprehensive income	Total equity
	$	$	$	$	$	$
Balance as at December 31, 2015	32,794,822	3,751,514	(30,703,845)	36,202	-	5,878,693
Shares issuance	3,265,010	-	-	-	-	3,265,010
Premium on flow-through shares	(523,750)	-	-	-	-	(523,750)
Share issuance costs	(261,573)	-	-	33,413	-	(228,160)
Share-based compensation and payments	-	42,370	-	-	-	42,370
Warrants issued	(85,042)	-	-	85,042	-	-
Warrants exercised	69,231	-	4,615	(4,615)	-	69,231
	35,258,698	3,793,884	(30,699,230)	150,042	-	8,503,394
Net loss for the year	-	-	(555,718)	-	-	(555,718)
Other comprehensive income						
Unrealized gain for the year on investments available-for-sale	-	-	-	-	90,801	90,801
Gain realized during the year reclassified to net loss	-	-	-	-	(5,000)	(5,000)
Total income (loss) for the year	-	-	(555,718)	-	85,801	(469,917)
Balance as at December 31, 2016	35,258,698	3,793,884	(31,254,948)	150,042	85,801	8,033,477

The accompanying notes are an integral part of the financial statements.

RADISSON MINING RESOURCES INC.

Statement of cash flows
For the year ended December 31, 2017
(in Canadian dollars)

	2017	2016
	$	$
Operating activities:		
Net income (loss) for the year	**2,103,516**	(555,718)
Items not affecting cash:		
Depreciation of property, plant and equipment	**3,088**	1,393
Share-based compensation and payments	**77,790**	42,370
Future taxes	**(2,618,195)**	(11,892)
Gain on disposal of investments	**-**	(5,000)
Net change in non-cash working capital items (Note 14)	**(46,970)**	8,451
Cash flow from operating activities	**(480,771)**	(520,396)
Investing activities:		
Proceeds on disposal of investments	**-**	24,001
Acquisition of property, plant and equipment	**(9,150)**	-
Tax credit received	**-**	4,393
Increase in evaluation and exploration assets	**(2,460,437)**	(1,225,948)
Cash flow from investing activities	**(2,469,587)**	(1,197,554)
Financing activities:		
Issuance of share capital and warrants exercised	**3,150,410**	3,334,241
Share issuance costs	**(127,055)**	(228,160)
Advances received from directors (Note 12)	**-**	52,000
Advances reimbursed to directors (Note 12)	**-**	(52,000)
Cash flow from financing activities	**3,023,355**	3,106,081
Increase in cash and cash equivalents	**72,997**	1,388,131
Cash and cash equivalents, beginning of year	**1,729,803**	341,672
Cash and cash equivalents, end of year	**1,802,800**	1,729,803
Cash and cash equivalents are composed of:		
Funds reserved for evaluation and exploration	**1,161,443**	1,492,420
Cash and cash equivalents	**641,357**	237,383
	1,802,800	1,729,803

Additional information is presented at Note 14.

The accompanying notes are an integral part of the financial statements.

1 - Description of the business and going concern

Radisson Mining Resources Inc. (the " Corporation "), incorporated under the *Canada Business Corporations Act*, is in the process of exploring mining properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Corporation's head office is located on 1750 chemin de la Baie Verte in Rouyn-Noranda, Province of Quebec, Canada, J0Z 2X0. Its common shares are listed on TSX Venture Exchange under the symbol RDS.

Since its incorporation, the Corporation has accumulated a deficit of $29,151,432 (2016, $31,254,948) and during the year ended December 31, 2017, the Corporation recorded a net income of $2,103,516 (2016, net loss of $555,718).

Besides the usual needs for working capital, the Corporation must obtain the funds permitting to fulfill its obligations and existing commitments for prospecting and evaluation programs and reserved amounts following flow-through financings. As at December 31, 2017, the Corporation had a positive working capital of $1,871,389 (2016, $1,863,040), which includes funds reserved for evaluation and exploration for $1,161,443 (2016, $1,492,420). The Corporation believes that these existing funds will not be sufficient to meet the obligations of the Corporation until December 31, 2018. This indicates the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

Management periodically seeks additional forms of financing through the issuance of shares and the exercise of share purchase options and warrants to continue its operations, and although it has been successful in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets may be less than amounts recorded in these financial statements.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and payments of liabilities in the normal course of operations and do not reflect the adjustments to the carrying value of assets and liabilities, to recorded revenues and expenses and to the classification of items in the statements of financial position that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

On April 26, 2018, the Board of Directors approved the financial statements for the year ended on December 31, 2017.

2 - Basis of presentation and IFRS

These financial statements have been prepared by the Corporation's management in accordance with *International Financial Reporting Standards* ("IFRS"). The accounting policies described in Note 3 were consistently applied to all the periods presented unless otherwise noted.

3 - Significant accounting policies

(a) New and revised International Financial Reporting Standards, but not yet effective

Certain new standards, interpretations, amendments and improvements to the existing standards are not yet effective and have not been applied in these financial statements.

IFRS 9 – Financial Instruments

In July 2014, the final version of IFRS 9 was published, which supersede IAS 39 – Financial Instruments: Recognition and Measurement. This new standard simplifies the classification and measurement of financial assets and financial liabilities by reducing the number of measurement categories. The new standard also introduces additional requirements relating to general hedge accounting and financial asset impairment methodology. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation is currently assessing the expected impact of this standard on its financial statements.

3 - Significant accounting policies (continued)

(b) Accounting policies (continued)

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Currency conversion

The financial statements of the Corporation are presented in Canadian dollars, which is the functional currency. Transactions in foreign currencies are translated at the exchange rates prevailing at the time they are made. At each closing date, assets and liabilities denominated in foreign currencies are converted at closing. Exchange differences resulting from transactions are recorded in the statement of earnings. Non-monetary items are not reconverted at year-end and are measured at historical cost (translated at the exchange rate at the date of the transaction) except for non-monetary items remeasured at fair value, which are converted at the foreign exchange rate in effect on the date the fair value was determined.

Share-based compensation and payments

The Corporation has a stock option plan under which options to acquire common shares of the Corporation may be granted to its directors, officers and employees. The plan does not feature any options for a cash settlement. Where employees are rewarded using share-based payments, the fair values of the equity instruments granted is evaluated using the Black & Scholes pricing model at the date of grant. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense in prior periods if share options ultimately exercised are different from the number initially estimated. Upon exercise of stock options, the amounts received and the amounts previously accounted to Reserves – Settlement under equity are recognized in share capital. When stock options are forfeited or expired, the relating amounts are kept to Reserves – Settlement under equity.

Prospecting and evaluation expenditures, and prospecting and evaluation assets

Prospecting and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake prospecting and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake prospecting and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as prospecting and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the prospecting and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, prospecting and evaluation assets related to the mining property are transferred to property and equipment under the category Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

3 - Significant accounting policies (continued)

(b) Accounting policies (continued)

Prospecting and evaluation expenditures, and prospecting and evaluation assets (continued)

Although the Corporation has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Corporation's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreements

On the disposal of interest in connection with option agreements, the Corporation does not recognize expenses related to the prospecting and evaluation performed on the property by the purchaser. In addition, the cash or the shares consideration received directly from the purchaser is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of prospecting and evaluation assets in profit or loss.

Impairment of prospecting and evaluation assets and mining properties

For the purposes of assessing impairment, assets are combined at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for prospecting and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

– the right to explore the area has expired or will expire in the near future with no expectation of renewal;
– no further prospecting or evaluation expenditures in the area are planned or budgeted;
– no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
– sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the prospecting and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years during which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment date. The Corporation does not record all or any deferred income tax assets if, based on available information, it is more likely than not that some or all of the deferred tax assets will not be realized.

3 - Significant accounting policies (continued)

(b) Accounting policies (continued)

Basic and diluted loss per share

Basic loss per share is calculated by dividing the earnings attributable to holders of common shares by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting earnings attributable to holders of common shares and the weighted average number of common shares outstanding, for the effects of all potential common shares. The calculation considers that potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. For the purpose of calculating its diluted loss per share, an entity assumes the exercise of dilutive options. The assumed proceeds from these instruments must be regarded as having been received from the issue of common shares at the average market price of common shares during the period.

Cash and cash equivalents and funds reserved for exploration

Cash and cash equivalents comprise cash and temporary investments with original maturity dates of less than three months from the date of acquisition. Funds reserved for evaluation and exploration are included in cash and cash equivalents, but are on a separate line in the statement of financial position.

Mining taxes and refundable tax credits

The Corporation is entitled to a mining tax credit for mining exploration expenses incurred in Quebec. Furthermore, the Corporation is entitled to a refundable tax credit relating to resources on eligible expenses incurred in Quebec. Tax credits are applied against the costs of evaluation and exploration assets in relation with IAS 20, *Accounting for government grants and disclosure of government assistance*. These tax credits are recorded, provided that the Corporation is reasonably certain that these credits will be received.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and, where applicable, impairment losses. The cost less residual value is amortized over the estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual period of financial reporting and the impact of any change in estimates is recognized prospectively. Depreciation of equipment and computer equipment is calculated using the diminishing balance method at a rate of 30%.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and other liabilities using the residual method. Proceeds are first allocated to shares according to the quoted price of shares at the time of issuance and the residual proceeds are allocated to other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Revenue Recognition

Gains or losses resulting from the sale of available-for-sale investments are recognized in the statement of income when the security is sold. Interest income is recognized on the accrual basis. They are recorded based on the number of days the investment was held during the year. Rental income is recognized on a straight-line basis over the term of the lease, provided that collection is reasonably assured.

Provisions and contingent liabilities

Provisions are recognized when present obligations resulting from a past event are likely to result in an outflow of economic resources of the Corporation and amounts can be reliably estimated. The timing or amount of the outflow may be uncertain. An actual obligation arises from the presence of a legal or constructive obligation that has resulted from past events, for example, legal disputes, property, plant and equipment retirement obligations and similar liabilities, or onerous contracts.

3 - Significant accounting policies (continued)

(b) Accounting policies (continued)

Provisions and contingent liabilities (continued)

Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including risks and uncertainties relating to the present obligation. Provisions are discounted when the time value of money is significant.

The Corporation's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Corporation's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Equity

The share capital represents the amount received on share issuances, less issuance costs and deduction of any tax benefit. If the shares are issued as a result of the exercise of stock options or warrants, this item also includes the compensation expense previously recognized in Reserves - Equity and Warrant settlements. Reserves include charges related to share-based compensation of options not exercised. Deficit includes all current and prior years' losses. Gains and losses on certain financial instruments are included in the section entitled "Accumulated other comprehensive income". In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement. The warrants item includes the value of unexercised warrants. The value of the expired warrants is transferred to Reserves - Settlement under Equity.

Warrants' fair value

The proceeds of unit issuances are allocated to the shares and warrants in proportion of their fair value using the Black & Scholes model to calculate the fair value of warrants.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual arrangements of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized upon extinguishment, termination, cancellation or expiration.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss for which transaction costs are recorded in the statement of loss.

Financial assets and liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in net earnings or in other comprehensive income.

3 - Significant accounting policies (continued)

(b) Accounting policies (continued)

Financial assets (continued)

Financial assets, except those at fair value through net profit or loss, are subject to review for impairment at least at each reporting date. Financial assets available-for-sale are impaired when there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of assets and the estimated future cash flows of the financial assets have been allocated. Impairment is accounted for in net loss, including all previous changes in fair value accounted for in the other cumulated comprehensive income. Subsequent decrease is accounted for in net loss and subsequent increase is accounted for in the other cumulated comprehensive income.

All income and expenses relating to financial assets that are recognized in net earnings are presented within "other revenue" or "interest income or interest and bank charges".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted if its effect is not significant. Cash and cash equivalents, funds reserved for evaluation and exploration and accounts receivable are included in this category of financial instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as being in this category or that do not qualify for inclusion in any of the other categories of financial assets. The Corporation's available-for-sale financial assets include investments in shares of public companies.

All available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in other comprehensive income and reported within the "Accumulated other comprehensive income" section in equity, except for impairment losses, which are recognized in net loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified to net loss and presented as a reclassification adjustment within other comprehensive income.

Reversals of impairment losses are recognized in other comprehensive income.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. Related expenses, such as maintenance and insurance expenses, are charged as incurred.

Segmental reporting

The Corporation presents and discloses segments information based on information that is regularly reviewed by the chief operating decision-makers, i.e. the president and chief executive officer and the board of directors. The Corporation has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

(c) Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are constantly challenged. They are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and will rarely be identical to the estimated results. The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and the most critical management judgments in applying accounting policies.

(in Canadian dollars)

3 - Significant accounting policies (continued)

(c) Accounting estimates and critical judgments (continued)

Share-based compensation and payments and fair value of warrants

The estimation of share-based compensation costs and fair value of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of its own shares, the expected life of options, the exercise period of these options as well as the expected forfeitures. The valuation model used by the Corporation is the Black & Scholes model.

Impairment of prospecting and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases (see Note 4). When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. In assessing impairment, the Corporation must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Corporation's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See Note 5 for the prospecting and evaluation assets impairment analysis.

No loss or reversal of impairment was recorded for the periods considered.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on rates taxation (and tax laws) that are enacted or substantively enacted at the end of the period for submission of financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that follow from the manner in which the Corporation expects, at the end of the period for submission of financial information, to recover or settle the carrying amount of its assets and liabilities. This evaluation requires a great deal of judgment.

Going concern

In assessing whether the going concern assumption is appropriate, management takes into consideration all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management evaluates the need of cash for the future considering administrative expenses and obligations related to flow-through financings. The Corporation estimates to the best of its knowledge the future financing opportunities in order to satisfy itself that the going concern basis is appropriate.

4 - Cash, cash equivalents and funds reserved for evaluation and prospecting and Investments available-for-sale

As at December 31, 2017 and 2016, the cash and cash equivalents include cash in a banking account bearing no interest and flexible guaranteed interest certificates redeemable at any time, without penalty, bearing different interest rates.

	December 31, 2017	December 31, 2016
	$	$
Banking account bearing no interest	**421,088**	229,803
1.45% GIC, redeemable at any time, expiring in September 2018	**381,379**	-
1.35% GIC, redeemable at any time, expiring in January 2018	**1,000,333**	-
1% GIC, redeemable at any time	**-**	100,000
0.95% GIC, redeemable at any time	**-**	1,400,000
Total	**1,802,800**	1,729,803

(in Canadian dollars)

4 - Cash, cash equivalents and funds reserved for evaluation and prospecting and Investments available-for-sale (continued)

	December 31, 2017	December 31, 2016
	$	$
Cash and cash equivalents	**1,802,800**	1,729,803
Minus : Cash held for prospecting and evaluation expenses (a)	**(1,161,443)**	(1,492,420)
Cash and cash equivalents	**641,357**	237,383

(a) Cash held for exploration expenses represents unspent financing proceeds related to flow-through shares. According to the instructions imposed under this flow-through financing, the Corporation must dedicate these funds to the exploration of mining properties.

	December 31, 2017	December 31, 2016
	$	$
Investments available-for-sale		
260,000 shares of Balmoral Resources Ltd, public company	**143,000**	187,200

5 - Evaluation and prospecting assets

	Balance December 31, 2016	**Increase**	**Tax credits and mining taxes refundable**	**Balance December 31, 2017**
	$	**$**	**$**	**$**
Mining properties :				
O'Brien [1]	162,739	-	-	**162,739**
	162,739	-	-	**162,739**
Deferred evaluation and exploration expenditures :				
O'Brien [1]	9,368,010	2,384,944	(20,729)	**11,732,225**
Douay	-	163,640	-	**163,640**
	9,368,010	2,548,584	(20,729)	**11,895,865**
	9,530,749	2,548,584	(20,729)	**12,058,604**

	Balance December 31, 2015	Increase	Tax credits and mining taxes refundable	Balance December 31, 2016
	$	$	$	$
Mining properties :				
O'Brien [1]	162,739	-	-	162,739
Deferred evaluation and exploration expenditures :				
O'Brien [1]	8,217,721	1,300,612	(150,323)	9,368,010
	8,380,460	1,300,612	(150,323)	9,530,749

[1] Considering O'Brien and Kewagama mining titles are contiguous, both projects are now designated as the O'Brien project.

(in Canadian dollars)

6 - Income taxes

	December 31, 2017	December 31, 2016
	$	$
Deferred tax expenses recognized in the current year	**(2,618,195)**	(11,892)

The effective income tax rate of the Corporation differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	December 31, 2017	December 31, 2016
	$	$
Loss before deferred income taxes	**(514,679)**	(567,651)
Income taxes at combined provincial and federal rate of 26.8% in 2017 and 26.9% in 2016	**(137,934)**	(150,417)
Increase (decrease) in income taxes resulting from :		
Difference between the deferred and statutory rates	**1,305**	-
Change of the deferred tax rate	**-**	57,289
Variation of unrecorded temporary differences	**(1,540,031)**	(55,819)
Tax effect of the issuance of flow-through shares	**663,787**	381,167
Reversal of other liabilities related to flow-through shares	**(545,923)**	(372,798)
Stock-based payments	**20,848**	-
Adjustment of previous years	**1,444**	(1,681)
Non-deductible items and others	**155**	20,843
Non-capital losses, expiry	**-**	109,524
Reversal of the mining taxes	**(1,081,846)**	-
	(2,618,195)	(11,892)

Detail of the deferred income taxes in the statement of earnings

	December 31, 2017	December 31, 2016
	$	$
Inception and reversal of temporary differences	**(115,488)**	(21,731)
Tax effect of the issuance of flow-through shares	**663,787**	381,167
Reversal of other liabilities related to flow-through shares	**(545,923)**	(372,798)
Difference between the deferred and statutory rates	**1,305**	-
Change of the deferred tax rate	**-**	57,289
Reversal of the mining taxes	**(1,081,846)**	-
Variation of unrecorded temporary differences	**(1,540,031)**	(55,819)
	(2,618,195)	(11,892)

(in Canadian dollars)

6 - Income taxes (continued)

Changes in deferred taxes in 2017

	Balance December 31, 2016	Recognized in net income	Share Capital	**Balance December 31, 2017**
	$	$	$	**$**
Fixed assets	63,722	(63,722)	-	**-**
Evaluation and exploration assets	(3,095,452)	469,656	-	**(2,625,796)**
Exploration tax credits receivable	-	(2,254)	-	**(2,254)**
Non-capital losses	-	1,668,592	-	**1,668,592**
	(3,031,730)	2,072,272	-	**(959,458)**
Reversal of other liabilities related to flow-through shares		545,923		
Variation of future income taxes in the statement of earnings		2,618,195		

As at December 31, 2017, the Corporation had the following temporary differences for which no deferred tax asset has been recognized:

	Federal	**Quebec**
	$	**$**
Evaluation and exploration assets	**-**	**-**
Share issuance costs	**296,760**	**296,760**
Fixed assets	**243,541**	**243,541**
Available-for-sale financial assets	**104,050**	**104,050**
Non-capital losses	**-**	**-**
	644,350	**644,350**

The Corporation has capital losses of $466,309 ($466,309 in 2016) for which no deferred tax asset has been recognized. These capital losses are carried forward indefinitely.

The Corporation has investment tax credit carryovers of $1,040 ($1,040 in 2016), that are not recognized. These credits are available to reduce federal income tax in future years and expire in 2033.

Changes in deferred taxes in 2016

	Balance December 31, 2015	Recognized in net income	Share Capital	Balance December 31, 2016
	$	$	$	$
Fixed assets	64,309	(587)	-	63,722
Evaluation and exploration assets	(2,729,913)	(360,319)	(5,220)	(3,095,452)
	(2,665,604)	(360,906)	(5,220)	(3,031,730)
Reversal of other liabilities related to flow-through shares		372,798		
Variation of future income taxes in the statement of earnings		11,892		

(in Canadian dollars)

7 - Other liability related to flow-through shares

	December 31, 2017	December 31, 2016
	$	$
Balance, beginning of year	**332,392**	181,440
Increase of the year	**392,970**	523,750
Decrease related to eligible exploration expenses incurred (Note 6)	**(545,923)**	(372,798)
Balance, end of year	**179,439**	332,392

8 - Share Capital

Authorized:

Unlimited number of class A shares, voting and participating, no par value;

Unlimited number of class B shares which may be issued in series, cumulative or non-cumulative dividend at the prime rate of the Bank of Canada at the beginning of the year plus a percentage between 1 and 5%, non-participating, non-voting, redeemable at the option of the Corporation for an amount equal to the price paid plus any dividend declared and unpaid, no par value.

Movements in class A shares (common shares) of the Corporation are as follows:

	December 31, 2017		December 31, 2016	
	Class A shares	**Amount**	Class A shares	Amount
		$		$
Issued and paid				
Balance, beginning of year	**107,020,880**	**35,258,698**	88,361,196	32,794,822
Paid in cash (1)	**5,895,834**	**869,692**	7,800,068	1,084,968
Warrants exercised (2)	**588,482**	**99,765**	384,616	69,231
Flow-through shares (3)	**10,218,697**	**1,610,725**	10,475,000	1,571,250
Share issuance costs	**-**	**(135,179)**	-	(261,573)
Stock options exercised (4)	**500,000**	**50,000**	-	-
Balance, end of year	**124,223,893**	**37,753,701**	107,020,880	35,258,698

For the year ended December 31, 2017:

(1) Class A common shares

- In June 2017, the Corporation issued 2,562,500 units at $0.16 per unit for a total amount of $410,000. Each unit is composed of one common share and ½ warrant. This results in the issuance of 1,281,250 warrants for a fair value of $21,781. Each warrant entitles the holder to acquire one common share at an exercise price of $0.22 for a period of 18 months. In connection with this private placement, 48,125 warrants were issued to the brokers. Each broker's warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 18 months. The fair value of these warrants is estimated to $818 and is accounted for under share issuance costs. Total share issuance costs of $27,878 are related to this placement.
- In December 2017, the Corporation issued 3,333,334 units at $0.15 per unit for a total amount of $500,000. Each unit is composed of one common share and ½ warrant. This results in the issuance of 1,666,667 warrants for a fair value of $18,527. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period of 18 months. In connection with this private placement, 35,000 warrants were issued to brokers. Each broker's warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of 18 months. The fair value of these warrants is estimated at $1,750 and has been recorded in share issuance costs. Total share issuance costs of $18,245 are related to this placement.

8 - Share capital (continued)

For the year ended December 31, 2017 (continued):

(2) Warrants

- In March 2017, 273,477 warrants were exercised at a price of $0.13 for a total amount of $35,552. An amount of $7,657 was recorded as an increase to the share capital from the warrants.
- In November 2017, 315,005 warrants were exercised at a price of $0.15 for a total amount of $47,251. An amount of $9,305 was recorded as an increase in the share capital from the warrants.

(3) Flow-through shares

- In June 2017, the Corporation issued 292,000 flow-through shares at $0.25 per share for a total amount of $73,000 (fair value of $46,720). An amount of $26,280 is accounted for as "Other liability related to flow-through shares" (refer to Note 7).
- In July 2017, the Corporation issued 5,000,000 units at $0.20 per unit for a total amount of $1,000,000. Each unit consists of one flow-through share and of one warrant. This results in the issuance of 5,000,000 warrants for a fair value of $79,367. Each warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 18 months. An amount of $95,603 is accounted for as "Other liability related to flow-through shares" (refer to Note 7). In connection with this private placement, 350,000 warrants were issued to brokers. Each broker's warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 18 months. The fair value of these warrants is estimated at $5,556 and has been recorded in share issuance costs. Total share issuance costs of $89,056 are related to this placement.
- In December 2017, the Corporation issued 4,926,697 units at $0.21 per unit for a total amount of $1,034,606. Each unit consists of one flow through share and ½ warrant. This results in the issuance of 2,463,348 warrants for a fair value of $24,545. Each warrant entitles the holder to purchase one common share at an exercise price of $0.25 for a period of 18 months. An amount of $271,057 is accounted for as "Other liability related to flow-through shares" (refer to Note 7).

(4) Stock options

- In May 2017, 300,000 stock options were exercised for a total amount of $30,000.
- In July 2017, 200,000 stock options were exercised for a total amount of $20,000.

For the year ended December 31, 2016:

(1) Class A common shares

- In May 2016, the Corporation issued 2,683,402 units at $0.15 per unit for a total amount of $402,510. Each unit is composed of one common share and ½ warrant. This results in the issuance of 1,341,701 warrants for a fair value of $22,809. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period 18 months. In connection with this private placement, 170,338 warrants were issued to the brokers. Each broker's warrant entitles the holder to acquire one common share at an exercise price of $0.15 for a period of 18 months. The fair value of these warrants is estimated to $5,110 and is accounted for under share issuance costs. Total share issuance costs of $18,658 are related to this placement.

- In June 2016, the Corporation issued 1,816,666 units at $0.15 per unit for a total amount of $272,500. Each unit is composed of one common share and ½ warrant. This results in the issuance of 908,333 warrants for a fair value of $14,533. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period 18 months. In connection with this private placement, 144,667 warrants were issued to the brokers. Each broker's warrant entitles the holder to acquire one common share at an exercise price of $0.15 for a period of 18 months. The fair value of these warrants is estimated to $4,195 and is accounted for under share issuance costs. Total share issuance costs of $28,320 are related to this placement.

8 - Share capital (continued)

For the year ended December 31, 2016 (continued):

(1) Class A common shares (continued)

- In August 2016, the Corporation issued 2,700,000 units at $0.15 per unit for a total amount of $405,000. Each unit is composed of one common share and ½ warrant. This results in the issuance of 1,350,000 warrants for a fair value of $40,500. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period 18 months. In connection with this private placement, 350,000 warrants were issued to the brokers. Each broker's warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period of 18 months. The fair value of these warrants is estimated to $10,500 and is accounted for under share issuance costs. Total share issuance costs of $21,911 are related to this placement.

- In September 2016, the Corporation issued 600,000 units at $0.15 per unit for a total amount of $90,000. Each unit is composed of one common share and ½ warrant. This results in the issuance of 300,000 warrants for a fair value of $7,200. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period of 18 months. In connection with this private placement, 567,000 warrants were issued to the brokers. Each broker's warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of 18 months. The fair value of these warrants is estimated to $13,608 and is accounted for under share issuance costs. Total share issuance costs of $8,075 are related to this placement.

(2) Warrants

- In December 2016, a Quebec exploration fund exercised 384,616 warrants at $0.18 relating to a 2015 financing for a total amount of $69,231.

(3) Flow-through shares

- In August 2016, the Corporation issued 2,975,000 flow-through shares at $0.20 per share for a total amount of $595,000 (fair value of $446,250). An amount of $148,750 is accounted for as "Other liability related to flow-through shares" (refer to Note 7). Share issuance costs of $38,696 are related to this placement.

- In September 2016, the Corporation issued 7,500,000 flow-through shares at $0.20 per share for a total amount of $1,500,000 (fair value of $1,125,000). An amount of $375,000 is accounted for as "Other liability related to flow-through shares" (refer to Note 7). Share issuance costs of $112,500 are related to this placement.

a) Shareholder Rights Plan

The Board of Directors of the Corporation has adopted a shareholder protection rights plan (the "Rights Plan") effective since February 2, 2009.

The Rights Plan was adopted to ensure fair treatment of shareholders of Corporation in connection with any takeover bid for outstanding class A shares of the Corporation. The Rights Plan will provide the Board of Directors of Corporation (the Board) and the shareholders with more time to consider any unsolicited take-over bid. The Rights Plan is intended to discourage coercive or unfair takeover bids. It also allows additional time to the Board to pursue opportunities to maximize shareholder value. The Rights Plan is not designed to prevent unfair takeover bids towards the shareholders of Radisson.

The Rights Plan was not adopted due to, or in anticipation of a specific proposal to take control of Corporation. The TSX Venture Exchange has approved the scheme of protection contingent upon its ratification and confirmation by the shareholders within six months following the date of entry into force of the Plan. The Corporation has complied to this requirement since the shareholders approved the Rights plan at the annual general meeting held June 26, 2009. The Rights plan ended at the third annual meeting of shareholders following the entry into force. The Corporation has extended the rights plan at its annual meeting of shareholders in 2015, for a further period of three years.

Under the terms of the Rights Plan, any proposal that meets certain criteria intended to protect the interests of all shareholders is considered a "Permitted Bid". A "Permitted Bid" must be made from a circular bid prepared by the securities laws in force and, in addition to certain other conditions must be valid for a period of at least 60 days. If at the end of 60 days, at least 50% of the class A shares, other than those held by the offeror and certain related parties have been offered, the offeror may take delivery of the securities offered and pay the price. It must also extend the offer of 10 days to allow other shareholders to submit their shares.

(in Canadian dollars)

8 - Share capital (continued)

a) Shareholder Rights Plan (continued)

The rights issued under the Rights Plan will become exercisable only when a person, including any party related to it, acquires or announces its intention to acquire 20% or more of the outstanding class A shares of Radisson without complying with the "Permitted Bid" provisions of the Rights Plan or without approval of the Board. To the best of the knowledge of Radisson, no shareholder or related group holds, directly or indirectly, 20% or more of the class A shares of the Corporation. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the Rights Plan will entitle shareholders to purchase additional class A shares of Radisson at a significant discount to the market price at that time.

b) Class A stock options:

On June 28, 2007, the Corporation obtained the authorization from the TSX Venture Exchange to modify the stock option plan in favour of the directors, officers, employees and consultants (the "Plan"). An aggregate number of 6 million class A shares has been reserved for potential issuance under the Plan. The exercise price of each option is the market price of the Corporation's stock at the date of grant of options and the maximum term of a new option is 5 years. Unless otherwise determined by the Board of Directors, options granted under the Plan vest immediately.

A summary of the situation as at December 31, 2017 and December 31, 2016 is presented below:

Options:

	December 31, 2017		December 31, 2016	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding at beginning	**2,670,000**	**0.11**	2,690,000	0.11
Granted	**75,000**	**0.14**	670,000	0.14
Granted	**790,000**	**0.165**	-	-
Expired and cancelled	**(400,000)**	**0.10**	(960,000)	0.12
Exercised	**(500,000)**	**0.10**	-	-
Outstanding at the end	**2,635,000**	**0.135**	2,670,000	0.11
Options exercisable at the end	**2,635,000**	**0.135**	2,670,000	0.11

The following table summarizes the information relating to the stock options as at December 31, 2017:

Number of options outstanding	Exercise price	Weighted average remaining life	Number of options exercisable
	$	(years)	
790,000	0.165	4.25	790,000
745,000	0.14	3.48	745,000
375,000	0.13	2.42	375,000
725,000	0.10	0.84	725,000
2,635,000	0.135		2,635,000

(in Canadian dollars)

9 - Share capital (continued)

b) Class A stock options (continued)

The following table summarizes the information relating to the stock options as at December 31, 2016:

Number of options outstanding	Exercise price	Weighted average remaining life	Number of options exercisable
	$	(years)	
670,000	0.14	4.4	670,000
375,000	0.13	3.4	375,000
1,625,000	0.10	1.4	1,625,000
2,670,000	0.11		2,670,000

During the year ended December 31, 2017, the Corporation granted 865,000 (2016, 670,000) options to directors and officers. An amount of $77,900 (2016, $42,370) has been charged to earnings. During the same period, 400,000 (2016, 960,000) stock options expired.

The following table presents the weighted average fair value at grant date and the weighted average assumptions used to determine the share-based compensation and payments expense using the Black & Scholes option pricing model:

	Year ended December 31, 2017	Year ended December 31, 2016
Share-based compensation and payments	**$77,790**	$42,370
Average exercise price	**$0.16**	$0.14
Average price of the share	**$0.16**	$0.15
Expected volatility (1)	**57%**	51%
Risk-free interest rate	**2.02%**	0.72%
Expected dividend rate	**0%**	0%
Estimated duration	**5 years**	5 years
Weighted average fair value at grant date	**$0.09**	$0.06

(1) The expected volatility is based on historic volatility of the stock price of the Corporation and the expected average duration of the options.

c) Warrants:

	December 31, 2017		December 31, 2016	
	Number	**Weighted average exercise price**	Number	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	**7,114,746**	**0.19**	2,367,323	0.18
Granted	**10,844,390**	**0.22**	5,132,039	0.20
Expired	**(3,959,264)**	**0.19**	-	-
Exercised	**(588,482)**	**0.14**	(384,616)	0.18
Outstanding at the end	**13,411,390**	**0.22**	7,114,746	0.19

(in Canadian dollars)

8 - Share capital (continued)

c) Warrants (continued):

As at December 31, 2017, there were 13,411,390 warrants outstanding, which were as follows:

Outstanding	Exercise price	Expiration date
	$	
1,700,000	**0.20**	**February 2018**
867,000	**0.20**	**March 2018**
1,329,375	**0.22**	**December 2018**
5,350,000	**0.22**	**January 2019**
1,701,667	**0.20**	**June 2019**
2,463,348	**0.25**	**June 2019**
13,411,390		

As at December 31, 2016, there were 7,114,746 warrants outstanding, which were as follows:

Outstanding	Exercise price	Expiration date
	$	
1,709,230	0.18	February 2017
273,477	0.13	February 2017
1,341,701	0.20	November 2017
170,338	0.15	November 2017
908,333	0.20	December 2017
144,667	0.15	December 2017
1,700,000	0.20	February 2018
867,000	0.20	March 2018
7,114,746		

The following table presents the weighted average assumptions used to determine the fair value of warrants granted using the Black & Scholes model:

	Year ended December 31, 2017	Year ended December 31, 2016
Warrants value	**$152,344**	$118,455
Average exercise price	**$0.22**	$0.20
Average price of the share	**$0.16**	$0.16
Expected volatility [1]	**40%**	48%
Risk-free interest rate	**1.23%**	0.55%
Expected dividend rate	**0%**	0%
Estimated duration	**1.5 year**	1.5 year

[1] The expected volatility is based on historic volatility of the stock price of the Corporation and the expected average life of the warrants.

9 - Basic and diluted loss per share

	December 31, 2017	December 31, 2016
Net income (net loss) of the year	**$2,103,516**	$(555,718)
Weighted average outstanding shares	**111,911,860**	95,598,424
Net income (net loss) per share	**$0.0188**	$(0.006)

The diluted loss per share equals the basic loss per share as options and warrants are antidilutive.

(in Canadian dollars)

10 - Funds reserved for evaluation and exploration

	December 31, 2017	December 31, 2016
	$	$
Flow-through share financings completed during the year	**2,107,606**	2,095,000
Less: Deferred evaluation and prospecting expenditures related to flow-through shares financings of the year	**(1,197,164)**	(765,434)
Plus: Deferred evaluation and prospecting expenditures included in accounts payable and accrued liabilities	**251,001**	162,854
Required funds reserved for evaluation and prospecting	**1,161,443**	1,492,420

The Corporation issues flow-through shares to fund its evaluation and prospecting expenditures. These shares require the Corporation to spend the obtained funds in eligible exploration expenses. These funds, which are not available for the operating activities, are presented separately in the statement of financial position as funds reserved for evaluation and prospecting expenditures.

11 - Employee Benefits Charge

The employee benefits charge is analyzed as follows:

	December 31, 2017	December 31, 2016
	$	$
Salaries and benefits	**110,258**	66,995
Share-based payments	**77,790**	42,370
Less: Capitalized wages for exploration and evaluation assets	**32,528**	-
Employee Benefits Charge	**155,520**	109,365

12 - Information on Related Parties

Related party transactions

During 2017, the Corporation incurred the following transactions with key management and officers of the Corporation, companies owned by directors and with a related party of the president and chief executive officer.

	December 31, 2017	December 31, 2016
	$	$
Office rental	**15,000**	-
Interest and bank charges	**-**	325
Assets for exploration and evaluation	**-**	21,383
	15,000	21,708

In April 2016, the Corporation received short-term advances from two officers for a total amount of $52,000. The advances consist of term notes bearing interest at an annual rate of 6%. The advances were reimbursed on June 3, 2016 and total interest of $325 were paid to the officers.

The above transactions occurred within the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed by the related parties. The payable balance in relation with these operations is amounting to $5,454 as at December 31, 2017 ($1,500 as at December 31, 2016).

(in Canadian dollars)

12 - Information on related parties (continued)

Compensation of key management personnel:

The remuneration paid or payable to key management (president, vice-president and chief of financial operations, financial manager and directors) was as follows:

	December 31, 2017	December 31, 2016
	$	$
Salaries and employee benefits	**76,522**	66,995
Experts and subcontractors included in exploration expenses	**18,000**	3,500
Experts and subcontractors	**98,400**	149,500
Share-based compensation	**77,790**	42,370
	270,712	262,365

13 - Commitments

Office rental:

The Corporation has committed, under an office lease agreement, to pay an amount of $2,300 per month for the rental of its principal business place located at 700 Dallaire Avenue, Rouyn-Noranda, Province of Quebec and $200 per month for the rental of office equipment. This agreement expires on June 30, 2018 and includes a renewal option for an additional period of one year, which the Corporation will be entitled to by giving a 90 days' notice. The lease payments recorded as an expense during the reporting period total $15,000 (2016, $0).

O'Brien Property:

On March 15, 1999, a purchase and sale agreement was signed by the Corporation, Breakwater Resources and 3064077 Canada Inc., a subsidiary of Breakwater Resources Inc., for the purchase by the Corporation of the O'Brien and Kewagama properties (now combined under the name O'Brien). By this agreement, the Corporation has acquired all rights in these properties including all the infrastructures on site.

The Corporation agreed to pay $1,000,000 in cash upon starting commercial production, less the costs that could be incurred to restore the tailing ponds. A 2% royalty on net smelter return is payable to a third party in the event of commercial production of the Kewagama property.

14 - Other information

	December 31, 2017	December 31, 2016
	$	$
Net change in non-cash working capital items:		
Other receivables	**(20 000)**	-
Government taxes receivable and mining taxes receivable	**33,961**	(74,278)
Prepaid expenses	**(2,041)**	10,363
Accounts payable and accrued liabilities	**(58,890)**	72,366
	(46,970)	8,451

14 - Other information (continued)

	December 31, 2017	December 31, 2016
	$	$
Non-cash investing activities:		
Deferred evaluation and prospecting expenditures included in account payables and accrued liabilities	**251,001**	162,854
Tax credits and fees related to exploration expenses	**20,729**	(145,930)
Share issuance fees in the form of warrants granted to brokers	**8,124**	33,413
Value attributed to the warrants on their issue and transferred to share capital upon the exercise of warrants	**16,962**	4,615

15 - Objectives and policies regarding risk on financial instruments

a) The activities of the Corporation are exposed to different risks relating to financial instruments: interest rate risk, currency risk, credit risk, liquidity risk and the other price risk.

i) Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates.

As at December 31, 2017, the following financial assets were at fixed interest rates:

– Guaranteed investment certificates.

Interest rate movements may affect the fair value of the fixed interest financial assets. Because these financial assets are recognized at amortized cost, the fair value variation has no impact on profit or loss.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Corporation is not exposed to currency fluctuations because most transactions occur in Canadian dollars.

iii) Credit risk

The credit risk is the risk that a party of a financial instrument fails to fulfill its obligations and thus leads the other party to incur a financial loss. Cash and cash equivalents and the funds reserved for evaluation and exploration are the main financial instruments of the Corporation which are potentially subject to credit risk. Moreover, the credit risk for cash and cash equivalent and the funds reserved for evaluation and exploration are considered negligible since the counterparties are reputable banks with high quality external credit ratings.

iv) Liquidity risk

The liquidity risk is the risk that an entity will have difficulty to respect obligations associated with financial liabilities. The Corporation manages its cash balance and cash flows in order to respect its obligation. The issuance of contractual financial liabilities is less than one year. Refer to Note 1 for more details on the liquidity risk.

15 - Objectives and policies regarding risk on financial instruments (continued)

v) Equity market risk

Equity market risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken by the Corporation.

The Corporation currently holds investments in a company that is subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets. Equity investments are valued at fair value using quoted market price which is currently $143,000 (2016, $187,200).

As at December 31, 2017, had the published price of these securities increased (decreased) by 24% (67% in 2016), comprehensive income and shareholders' equity for the year would have increased (decreased) by $34,320 (2016, $125,424).

b) Fair value

The estimated fair value is established on the statement of financial position date based on relevant market information and other reference on financial instruments.

The fair value of cash and cash equivalent, funds reserved for evaluation and exploration, accounts receivable and accounts payable and accrued liabilities approximates fair value due to the short-term maturity.

c) Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The investments are the only financial instruments recorded at fair value in statement of financial position and they are classified at Level 1.

During the years ended December 31, 2017 and December 31, 2016, there was no transfer of amounts between level 1 and 2.

16 - Capital disclosures

The Corporation's objectives when managing capital are:

- to maintain and safeguard its accumulated capital in order to maintain a sufficient level of funds, to support continued evaluation and maintenance at the Corporation's existing properties, and to acquire, explore, and develop other precious and base metal deposits;
- to invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, in order to minimize the risk of loss of principal;
- to obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Corporation includes shareholders' equity in the definition of capital. The Corporation is not exposed to externally imposed capital requirements. The Corporation manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets, especially with respect to exploration results on properties in which the Corporation has an interest. In order to facilitate the management of capital and development of its mining properties, the Corporation prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Corporation's Board of Directors. In addition, the Corporation may issue new equity, incur additional debt, option its mining properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Corporation's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Corporation does not pay dividends. Notwithstanding the risks described in Note 1, the Corporation expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.