Comstock Metals Ltd.

Condensed Consolidated Interim Financial Statements

Three Months Ended December 31, 2017

Expressed in Canadian Dollars

(UNAUDITED)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these financial statements.

Comstock Metals Ltd.
Consolidated interim statements of financial position
(Expressed in Canadian dollars - Unaudited)

	Notes		December 31, 2017		September 30, 2017
ASSETS					
Current assets					
Cash		$	1,052,648	$	1,404,586
Other receivables			40,132		68,584
Prepaid expenses and deposits			45,309		74,751
			1,138,089		1,547,921
Non-current assets					
Equipment	4		2,139		2,356
Exploration and evaluation assets	5		13,458,100		12,936,325
			13,460,239		12,938,681
TOTAL ASSETS		**$**	**14,598,328**	**$**	**14,486,602**
LIABILITIES					
Current liabilities					
Accounts payables and accrued liabilities	6	$	113,791	$	379,289
Flow-through liability	9		166,000		107,000
TOTAL LIABILITIES			279,791		486,289
SHAREHOLDERS' EQUITY					
Share capital	7		19,328,721		18,916,139
Share-based payment reserve	7		2,402,371		2,388,521
Deficit			(7,412,555)		(7,304,347)
TOTAL EQUITY			14,318,537		14,000,313
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**14,598,328**	**$**	**14,486,602**

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"David Terry"

"Rasool Mohammad"

Comstock Metals Ltd.
Consolidated interim statements of comprehensive loss
(Expressed in Canadian dollars - Unaudited)

	Notes	Three months ended December 31, 2017	Three months ended December 31, 2016
Expenses			
Amortization	4	$ 217	$ 346
Filing fees		6,428	2,541
Investor relations		17,894	19,044
Management fees		45,000	45,000
Office, administrative and miscellaneous	8	32,535	27,776
Professional fees	8	15,528	11,491
Rent	8	4,539	4,251
Share based compensation	7	-	44,269
Travel		3,876	11,858
		(126,017)	(166,576)
Other items			
Interest income		1,053	4,259
Option revenue	5	9,068	9,590
Foreign exchange gain (loss)		7,688	(251)
		17,809	13,598
Net and comprehensive loss for the period		**$ (108,208)**	**$ (152,978)**
Loss per share – basic and diluted	7	**$ (0.00)**	**$ (0.00)**

Comstock Metals Ltd.
Consolidated interim statements of changes in equity
(Expressed in Canadian dollars - Unaudited)

		Share capital				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at October 1, 2016		56,501,755	$16,539,758	$1,833,770	($6,253,140)	$12,120,388
Share based compensation		-	-	44,269	-	44,269
Net and comprehensive loss		-	-	-	(152,978)	(152,978)
Balance at December 31, 2016		**56,501,755**	**$16,539,758**	**$1,878,039**	**($6,406,118)**	**$12,011,679**
Balance at October 1, 2017		73,575,687	$18,916,139	$2,388,521	($7,304,347)	$14,000,313
Shares issued for private placement	7	5,944,443	535,000	-	-	535,000
Share issue costs – cash	7	-	(49,568)	-	-	(49,568)
Share issue costs – broker warrants	7	-	(13,850)	13,850	-	-
Flow through shares premium	7, 9	-	(59,000)	-	-	(59,000)
Net and comprehensive loss		-	-	-	(108,208)	(108,208)
Balance at December 31, 2017		**79,520,130**	**$19,328,721**	**$2,402,371**	**($7,412,555)**	**$14,318,537**

(Expressed in Canadian dollars - Unaudited)

	Three months ended December 31, 2017	Three months ended December 31, 2016
Operating activities		
Net loss	$ (108,208)	$ (152,978)
Adjustments for non-cash items:		
Amortization	217	346
Share based compensation	-	44,269
Changes in non-cash working capital items:		
Other receivables	28,452	43,771
Prepaid expenses	29,442	38,728
Accounts payable and accrued liabilities	(50,501)	(314,083)
Net cash flows (used in) from operating activities	(100,598)	(339,947)
Investing activities		
Expenditures on exploration and evaluation assets	(736,772)	(401,410)
Net cash flows used in investing activities	(736,772)	(401,410)
Financing activities		
Shares issued for private placements, net	485,432	-
Net cash flows provided by financing activities	485,432	-
(Decrease) increase in cash	(351,938)	(741,357)
Cash, beginning	1,404,586	2,120,393
Cash, ending	**$ 1,052,648**	**$ 1,379,036**

1. Nature and continuance of operations

Comstock Metals Ltd. (the "Company" or "Comstock") was incorporated on December 13, 2007 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and Mexico. The Company's shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "CSL".

The head office, registered office, principal address and records office of the Company are located at 850 West Hastings Street, Suite 310, Vancouver, British Columbia, Canada, V6C 1E1.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2017, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The condensed consolidated interim financial statements were authorized for issue on February 19, 2018 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled entity. Details of controlled entity are as follows:

		Percentage owned*	
	Country of incorporation	**December 31, 2017**	**September 30, 2017**
Minera Comstock, S.A., de C.V.	Mexico	100%	100%

*Percentage of voting power is in proportion to ownership.

2. Significant accounting policies and basis of preparation (cont'd)

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The classification / allocation of expenditures as exploration and valuation expenditures or operating expenses.

Foreign currency translation

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent and subsidiary company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rage at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, using the following rates:

Class of equipment	Amortization rate
Computer hardware	50%
Computer software	50%
Camp equipment	20%
Office furniture and equipment	20%

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

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 property, plant, and 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.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of the options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed an adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets and liabilities are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Cash is classified as fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Other receivables are classified as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not have any financial assets categorized as held to maturity.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive loss, except for impairment losses and foreign exchange gains and losses. The Company does not have any financial assets categorized as available-for-sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Accounts payable are classified as non-derivative liabilities.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets or liabilities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Impairment of assets

The carrying amount of the Company's assets (which includes equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash

Cash include cash on hand, deposits held at call with banks, and bank overdrafts.

Income taxes

Current income tax:

Current 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, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss 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 provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Deferred income tax (cont'd):

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.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a flow-through tax recovery.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

(Expressed in Canadian dollars - Unaudited)

3. Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after October 1, 2016 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position:

a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
b) IFRS 16 – Leases; and
c) Amendments to IAS 32 Financial Instruments: Presentation.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Equipment

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
Cost:					
At September 30, 2017	$ 5,565	$ 10,305	$ 2,140	$ 508	$ 18,518
At December 31, 2017	**$ 5,565**	**$ 10,305**	**$ 2,140**	**$ 508**	**$ 18,518**
Amortization:					
At September 30, 2016	$ 4,633	$ 8,976	$ 1,118	$ 265	$ 14,992
Charge for the year	386	549	190	45	1,170
At September 30, 2017	5,019	9,525	1,308	310	16,162
Charge for the period	68	97	42	10	217
At December 31, 2017	**$ 5,087**	**$ 9,622**	**$ 1,350**	**$ 320**	**$ 16,379**
Net book value:					
At September 30, 2017	$ 546	$ 780	$ 832	$ 198	$ 2,356
At December 31, 2017	**$ 478**	**$ 683**	**$ 790**	**$ 188**	**$ 2,139**

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets

	Canada			Mexico		
	QV	Preview SW	Old Cabin	Corona	Total December 31, 2017	Total September 30, 2017
Property acquisition costs						
Balance, beginning of period	$ 674,384	$ 5,000,508	$ 264,275	$ 1	$ 5,939,168	$ 5,913,078
Additions	-	-	-	-	-	26,090
Balance, end of period	674,384	5,000,508	264,275	1	5,939,168	5,939,168
Exploration and evaluation costs						
Balance, beginning of period	5,326,560	1,666,297	4,300	-	6,997,157	4,515,922
Costs incurred during period:						
Assays and drilling	52,997	39,290	13,142	-	105,429	183,380
Camp and field costs	75,563	-	8,703	-	84,266	758,681
Claims maintenance	2,038	-	550	-	2,588	130
Wages and benefits	-	-	5,215	-	5,215	72,403
Drilling	91,508	-	-	-	91,508	808,156
Environmental	-	-	-	-	-	1,868
Geochemical	-	-	-	-	-	2,325
Geological and geophysics	87,040	12,421	-	-	99,461	441,280
Government grants	-	-	-	-	-	(40,000)
Helicopter	103,760	-	-	-	103,760	236,630
Maps and reports	-	-	1,100	-	1,100	2,535
Project supervision	-	-	1,650	-	1,650	5,632
Resource estimate	-	-	-	-	-	5,255
Supplies and equipment	25,540	-	-	-	25,540	-
Travel and accommodation	-	-	1,258	-	1,258	2,961
Balance, end of period	5,765,006	1,718,008	35,918	-	7,518,932	6,997,157
Total	**$ 6,439,390**	**$ 6,718,516**	**$ 300,193**	**$ 1**	**$ 13,458,100**	**$ 12,936,325**

QV Property, Yukon, Canada

The Company holds a 100% interest in the QV property. The QV Property is subject to a 2.0% Net Smelter Royalty ("NSR"). The Company has the right to acquire 1.0% of the NSR for a payment of $2,500,000. Commencing June 22, 2015, the Company must also make annual cash advance payments of $25,000 until the commencement of commercial production (the "Advance Royalty"). The Advance Royalty is deductible against the NSR. The Company may pay the Advance Royalty in cash or by issuing common stock of the Company based on the average closing price of its shares in the 10 trading days prior to the due date of the Advance Royalty.

As of June 22, 2017, the Company and optionor agreed to settle the $25,000 Advance Royalty owed from June 22, 2017 for 156,250 common shares of the Company. On July 14, 2017, the Company received Exchange approval to issue 156,250 shares to satisfy the $25,000 owing from June 22, 2017. The 156,250 shares were fair valued at $0.16 per share, resulting in a gain of $3,125.

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (cont'd)

Preview SW and Old Cabin, Saskatchewan and Ontario, Canada

On September 13, 2016, the Company and Select Sands Corp. ("Select Sands") completed a transaction pursuant to which the Company purchased Select Sands' Preview SW gold project located in Saskatchewan and the Old Cabin property in Ontario (the "Assets") (Note 8). The Company acquired the Assets in exchange for 20 million common shares in the capital of the Company and the assumption of certain option obligations associated with the Assets (Note 7). The fair value of the 20 million shares was $5,200,000. The Company allocated 95% of the cost to Preview SW at $4,940,000 and 5% of the cost to Old Cabin at $260,000.

Pursuant to the agreement, the option obligations associated with the Assets include: payment of $60,000 upon receipt of a positive feasibility study and issuance of such number common shares of the Company, determined by dividing $87,500 by the closing price of the Company's common shares on Exchange on the day before the acceptance by Exchange of the transaction with Selection Sand, upon making a production decision as well as a 2.5% NSR of which 1% of the NSR can be purchased for $1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be purchased for $2,000,000.

Corona Property, Mexico

During the year ended September 30, 2013, the Company completed all option requirements and earned a 50% interest in the Corona property. During the year ended September 30, 2014, the Company recognized impairment of $1,260,806 to write down the property to $1.

On December 7, 2015, Golden Goliath Resources Ltd. ("Golden Goliath"), which holds the other 50% interest in the Corona property, announced that it had signed an option agreement with Fresnillo PLC that includes the Corona property. Under the terms of the agreement, Fresnillo PLC may earn a 100% interest (subject to a 1% NSR half of which may be purchased for US$500,000) in the Corona property as well six other properties held by Golden Goliath by making cash payments totaling US$3 million over three years and by paying all property taxes and conducting all assessment work required to keep the properties in good standing. The Company estimates its potential share of these option payments to be US$200,000 if all option payments are made by Fresnillo PLC over the three year period. Fresnillo PLC has the right to terminate the option agreement at any time. During the three months ended December 31, 2017, the Company received $9,068 (2016 - $9,590) in option payments from Golden Goliath.

6. Accounts payable and accrued liabilities

	December 31, 2017	September 30, 2017
Trade payables (Note 8)	$ 113,791	$ 358,289
Accrued liabilities	-	21,000
	$ 113,791	$ 379,289

At December 31, 2017, there was $62,051 for exploration and evaluation expenditures included in accounts payable and accrued liabilities (September 30, 2017 - $277,048).

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2017, there were 79,520,130 issued and fully paid common shares (September 30, 2017 – 73,575,687).

Three months ended December 31, 2017

On December 28, 2017, the Company closed a non-brokered private offering of flow-through units ("FT Units"). Pursuant to the offering the Company issued a total of 5,944,443 FT Units at a price of $0.09 per FT Unit raising aggregate gross proceeds of $534,999.87.

Each FT Unit was issued at a price $0.09 and consists of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one common share purchase warrant (each whole warrant a "FT Warrant"). Each FT Warrant entitles the holder thereof to purchase one additional non flow-through common share of the Company at an exercise price of $0.15 per Share for a period of 18 months from the Closing Date.

The FT Warrants include an acceleration clause, whereby, if the closing price of the Company's common shares on the TSX Venture Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than $0.20 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the FT Warrants. If the Company exercises such right, it will give written notice to the holders of the FT Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the FT Warrants may not be given until 4 months and one day after the closing date.

In connection with the closing of the financing the Company paid finders an aggregate fee of $35,490 and issued an aggregate of 394,332 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one common share at a price of $0.15 per Unit for a period of 18 months from the closing date.

The securities issued in this financing are subject to a hold period that expires on April 29, 2017.

Year ended September 30, 2017

Private Placement

On February 27, 2017 (the "Closing Date"), the Company closed a non-brokered private placement for an aggregate of $2,643,126 comprising 13,344,157 of units ("Units") and 3,563,900 flow-through units ("FT Units"). Each Unit was priced at $0.15 and consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of $0.20 per share for a period of 24 months from the Closing Date. Each FT Unit is priced at $0.18 and consists of one flow-through common share and one-half of one non-transferable common share purchase warrant (each whole warrant a "FT Warrant"). Each FT Warrant will entitle the holder thereof to purchase one additional non flow-through common share at an exercise price of $0.20 per share for a period of 24 months from the Closing Date.

7. Share capital (cont.)

Issued share capital *(cont.)*

The Warrants and FT Warrants include an acceleration clause, whereby, if the weighted average trading price of the Company's common shares on the TSX Venture Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than $0.40 for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the Warrants and FT Warrants. If the Company exercises such right, it will give written notice to the holders of the Warrants and FT Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the Warrants and FT Warrants may not be given until 4 months and one day after the Closing Date.

The Company must use the gross proceeds of the offering of FT Units for eligible exploration expenditures, which will constitute "Canadian Exploration Expenses" ("CEE") that are "Flow-Through mining expenditures", as defined in the *Income Tax Act* (Canada) which can be renounced to purchasers of the FT Units for the 2017 taxation year in the aggregate amount of not less than the total amount of the gross proceeds raised from the flow-through offering. The CEE shall be incurred no later than December 31, 2018.

In connection with the closing of the financing, the Company paid finders an aggregate commission of $100,294 and issued an aggregate of 352,898 unit broker warrants. Each unit broker warrant entitles the holder thereof to acquire one Unit at a price of $0.15 per Unit for a period of 24 months from the Closing Date. The fair value of the unit broker warrants was calculated to be $84,000 using the Black-Scholes Option Pricing Model and the following assumptions:

Expected life: 2 years
Risk free rate: 0.76%
Expected volatility: 120%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

Shares issued for debt

The Company issued an aggregate of 156,250 common shares with a fair value of $21,875 in satisfaction of $25,000 of indebtedness on July 14, 2017. This indebtedness was owing to the optionor of the Company's QV Property for the 2017 advance royalty payment (Note 5).

Basic and diluted loss per share

The calculation of basic and diluted earnings (loss) per share for the three month period ended December 31, 2017 was based on the loss attributable to common shareholders of $114,208 (2016 – $152,978) and the weighted average number of common shares outstanding of 74,120,977 (2016 – 56,501,755).

Diluted loss per share for the three month period ended December 31, 2017 does not include the effect of 6,380,000 stock options (2016 – 3,321,000) and 33,905,383 share purchase warrants (2016 – 18,812,892) as the effect would be anti-dilutive.

(Expressed in Canadian dollars - Unaudited)

7. Share capital (cont.)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company.

The changes in options during the three months ended December 31, 2017 and 2016 are as follows:

	December 31, 2017		December 31, 2016	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	6,520,000	$ 0.26	3,321,000	$ 0.35
Issued	-	-	200,000	$ 0.28
Expired	(140,000)			
Options outstanding, ending	6,380,000	$ 0.25	3,521,000	$ 0.35
Options exercisable, ending	6,380,000	$ 0.25	3,521,000	$ 0.35

There were no options granted during the three month period ended December 31, 2017.

The following options were outstanding and exercisable as of December 31, 2017:

Expiry date	Quantity	Exercise price
February 5, 2018	100,000	$1.05
March 17, 2021	730,000	$0.25
April 7, 2021	120,000	$0.25
May 20, 2021	520,000	$0.15
August 15, 2021	1,610,000	$0.355
September 16, 2021	200,000	$0.28
March 1, 2022	3,100,000	$0.195
	6,380,000	

At December 31, 2017, the weighted average remaining contractual life of options outstanding and exercisable was 3.75 years.

(Expressed in Canadian dollars - Unaudited)

7. **Share capital** (cont.)

Warrants

The changes in warrants during the three months ended December 31, 2017 and 2016 are as follows:

	December 31, 2017		December 31, 2016	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	30,538,831	$ 0.20	18,812,892	$ 0.76
Issued	3,366,552	0.15	-	-
Warrants outstanding, ending	33,905,383	$ 0.20	18,812,892	$ 0.76

The following warrants were outstanding as of December 31, 2017:

Expiry date	Quantity	Exercise price
June 10, 2018	10,458,397	$0.18
June 10, 2018	39,958	$0.15
* June 10, 2018	327,425	$0.12
June 28, 2018	2,048,274	$0.18
June 28, 2018	9,310	$0.15
* June 28, 2018	52,962	$0.12
July 26, 2018	2,120,000	$0.35
** July 26, 2018	3,500	$0.25
February 27, 2019	15,126,107	$0.20
*** February 27, 2019	352,898	$0.15
June 28, 2019	3,366,552	$0.15
	33,905,383	

* Broker unit: entitles the holder thereof to purchase one unit of the Company until June 10, 2018 at an exercise price of $0.12 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company with an exercise price of $0.18.

** Broker unit: entitles the holder thereof to purchase one unit of the Company until July 26, 2018 at an exercise price of $0.25 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company with an exercise price of $0.35.

*** Broker unit: entitles the holder thereof to purchase one unit of the Company until February 27, 2019 at an exercise price of $0.15 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company with an exercise price of $0.20.

At December 31, 2017, the weighted average remaining contractual life of warrants outstanding was 0.88 years (December 31, 2016 – 1.29 years).

(Expressed in Canadian dollars - Unaudited)

7. **Share capital** (cont.)

Share-based payment reserve

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

8. Related party transactions

The Company incurred the following transactions with related parties during the three months ended December 31, 2017 and 2016:

Key management personnel compensation

	December 31, 2017	December 31, 2016
Administration, director and consulting fees	$ 31,000	$ 20,500
Management fees	45,000	45,000
	$ 76,000	$ 65,500

Related party balances included in accounts payable and accrued liabilities

	December 31, 2017	September 30, 2017
Due to companies controlled by directors	$ 10,735	$ 7,529
Due to company with common directors	2,651	2,550
	$ 13,386	$ 10,079

The Company paid $7,297 for shared rent and office services to a company with common directors during the three months ended December 31, 2017 (2016 - $6,039).

9. Flow-through share liability

For the purposes of calculation any premium related to the issuance of the flow-through units, the Company compared the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares (Note 7). As a result, the Company's flow-through liability on issuance of flow through shares in connection with private placements is as follows:

	Three months ended December 31, 2017	Year ended September 30, 2017
Balance, beginning of the year	$ 107,000	$ 58,000
Additions	59,000	107,000
Adjustments	-	6,480
Reversal	-	(64,480)
Balance, end of the period/year	$ 166,000	$ 107,000

(Expressed in Canadian dollars - Unaudited)

10. Segmented information

The Company operates in one reportable operating segment, being exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

	Canada	Mexico	Total
December 31, 2017			
Non-current assets	$ 14,598,327	$ 1	$ 14,598,328
September 30, 2017			
Non-current assets	$ 12,936,324	$ 1	$ 12,936,325

11. Capital management

The Company identifies capital as cash and share capital. The Company manages its capital structure and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

The properties in which the Company has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and raise additional capital as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the three months ended December 31, 2017.

12. Financial instruments and risk management

The Company's financial instruments consist of cash, and accounts payable. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 of the fair value hierarchy. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk is low.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk relates to its ability to maintain the current rate of interest on its cash equivalents. Management believes the interest rate risk to be minimal.

12. Financial instruments and risk management (cont.)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Management believes liquidity risk is high.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company's functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk. Management believes market risk is low.

13. Subsequent event

100,000 stock options with an exercise price of $1.05 expired unexercised on February 5, 2018.