GoldenReign
RESOURCES LTD.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended April 30, 2018
(Expressed in Canadian dollars)

August 28, 2018

Independent Auditor's Report

To the Shareholders of Golden Reign Resources Ltd.

We have audited the accompanying consolidated financial statements of Golden Reign Resources Ltd., which comprise the consolidated statements of financial position as at April 30, 2018 and April 30, 2017 and the consolidated statements of loss, comprehensive (loss)/income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Reign Resources Ltd. as at April 30, 2018 and April 30, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

GoldenReign RESOURCES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian dollars

As at	**April 30, 2018**	**April 30, 2017**
ASSETS		
Current		
Cash and cash equivalents	$ 1,072,150	$ 4,737,796
Receivables	15,354	28,544
Prepaid expenses	20,216	7,858
Total current assets	1,107,720	4,774,198
Equipment	76,703	104,166
Exploration and evaluation assets (Note 3)	39,282,575	38,531,074
TOTAL ASSETS	**$ 40,466,998**	**$ 43,409,438**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 4)	$ 319,386	$ 402,197
Gold Streaming Arrangement (Note 6)	1,445,045	1,536,073
TOTAL LIABILITIES	**1,764,431**	**1,938,270**
Shareholders' equity		
Share capital (Note 5)	39,886,352	39,848,458
Reserves - share based (Note 5)	7,100,999	6,921,899
Cumulative translation adjustment	5,727,657	7,941,948
Deficit	(14,012,441)	(13,241,137)
Total shareholders' equity	38,702,567	41,471,168
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 40,466,998**	**$ 43,409,438**

Going Concern and Nature of Operations (Note 1)
Subsequent Events (Note 13)

On behalf of the Board:

"Kim Evans" Director *"Abraham Jonker"* Director

The accompanying notes are an integral part of these consolidated financial statements.

GoldenReign RESOURCES LTD.

CONSOLIDATED STATEMENTS OF LOSS
Expressed in Canadian dollars

	For the year ended	
	April 30, 2018	**April 30, 2017**
OPERATING EXPENSES		
Wages and benefits	$ 335,186	$ 274,199
Share-based compensation (Note 5)	104,700	900,500
Office and miscellaneous	117,748	116,849
Professional fees	90,088	69,694
Regulatory and listing fees	29,250	27,322
Travel and promotion	81,029	59,526
Depreciation	8,988	3,403
Foreign exchange loss	26,341	12,622
OPERATING LOSS	**(793,330)**	**(1,464,115)**
Interest income	22,026	8,991
LOSS FOR THE YEAR	$ **(771,304)**	$ **(1,455,124)**
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding	**192,062,511**	**171,373,304**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Expressed in Canadian dollars

	For the year ended April 30, 2018	For the year ended April 30, 2017
Loss for the year	**$ (771,304)**	**$ (1,455,124)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation adjustment	(2,214,291)	2,875,856
Other comprehensive income (loss) for the year	(2,214,291)	2,875,856
Comprehensive income (loss) for the year	**$ (2,985,595)**	**$ 1,420,732**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Expressed in Canadian dollars

	Number of shares	Share capital	Reserves - Share based	Cumulative translation adjustment	Deficit	Total Equity
Balance - April 30, 2016	**161,931,096**	**$ 33,477,988**	**$ 5,740,674**	**$ 5,066,092**	**$ (11,786,013)**	**$ 32,498,741**
Shares issued on private placements	28,352,725	6,237,599		-	-	**6,237,599**
Shares issued on exercise of warrants	712,075	133,749	(48,300)	-	-	**85,449**
Shares issued on exercise of options	1,000,000	577,075	(332,075)	-	-	**245,000**
Share issue costs	-	(577,953)	180,200	-	-	**(397,753)**
Share-based compensation	-	-	1,381,400	-	-	**1,381,400**
Loss for the year	-	-	-	-	(1,455,124)	**(1,455,124)**
Other comprehensive income	-	-	-	2,875,856	-	**2,875,856**
Balance – April 30, 2017	**191,995,896**	**$ 39,848,458**	**$ 6,921,899**	**$ 7,941,948**	**$ (13,241,137)**	**$ 41,471,168**
Shares issued on exercise of warrants	21,718	7,878	(3,100)	-	-	**4,778**
Shares issued on exercise of options	86,306	30,287	(12,600)	-	-	**17,687**
Share issue costs	-	(271)	-	-	-	**(271)**
Share-based compensation	-	-	194,800	-	-	**194,800**
Loss for the year	-	-	-	-	(771,304)	**(771,304)**
Other comprehensive loss	-	-	-	(2,214,291)	-	**(2,214,291)**
Balance – April 30, 2018	**192,103,920**	**$ 39,886,352**	**$ 7,100,999**	**$ 5,727,657**	**$ (14,012,441)**	**$ 38,702,567**

The accompanying notes are an integral part of these consolidated financial statements.

GoldenReign RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars

	For the year ended	
	April 30, 2018	April 30, 2017
OPERATING ACTIVITIES		
Loss for the year	$ (771,304)	$ (1,455,124)
Items not affecting cash:		
Depreciation	8,988	3,403
Share-based compensation	104,700	900,500
Changes in non-cash working capital items related to operations:		
Receivables	13,190	(19,737)
Prepaid expenses	375	206
Accounts payable and accrued liabilities	(222,794)	(27,894)
Cash used in operating activities	(866,845)	(598,646)
INVESTING ACTIVITIES		
Acquisition of equipment	(7,714)	(25,805)
Expenditures on exploration and evaluation assets	(2,858,144)	(4,095,453)
Cash used in investing activities	(2,865,858)	(4,121,258)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	6,237,599
Proceeds from exercise of warrants	4,778	85,449
Proceeds from exercise of options	17,687	245,000
Gold Streaming Arrangement - Principal	-	764,410
Share issue costs	(271)	(397,753)
Cash generated by financing activities	22,194	6,934,705
(Decrease) / Increase in cash and cash equivalents during the year	(3,710,509)	2,214,801
Effect of foreign exchange on cash and cash equivalents	44,863	59,446
Cash and cash equivalents, beginning of year	4,737,796	2,463,549
Cash and cash equivalents, end of year	$ 1,072,150	$ 4,737,796

The accompanying notes are an integral part of these consolidated financial statements.

GoldenReign RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars

Supplemental cash flow information

	April 30, 2018	April 30, 2017
Cash paid during the year for:		
Interest	$ 86,248	$ 68,760
Non-cash financing and investing activities:		
Share-based compensation included in exploration costs	$ 90,100	$ 480,900
Depreciation included in exploration costs	$ 21,215	$ 42,840
Exploration costs included in accounts payable	$ 135,551	$ 33,246
Fair value of warrants issued as finders' fees	$ -	$ 94,700
Fair value of Agent's Option	$ -	$ 85,500
Accrued interest payable on Gold Streaming Arrangement	$ 29,724	$ 38,648

The accompanying notes are an integral part of these consolidated financial statements.

1. GOING CONCERN AND NATURE OF OPERATIONS

Golden Reign Resources Ltd. (the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* Its principal business activity is the acquisition and exploration of exploration and evaluation assets. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol GRR. The address of the Company's corporate office and principal place of business is Suite 501 – 595 Howe Street, Vancouver, BC, Canada.

The Company's primary exploration and evaluation asset is the San Albino-Murra Mining Concession, located in Nicaragua, which is in an advanced exploration stage. Recovery of the carrying value of an investment in exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary funding to complete exploration and development and the attainment of future profitable production or the disposition of these assets for proceeds in excess of their carrying values.

These audited consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

At April 30, 2018, the Company held cash and cash equivalents of $1,072,150 (April 30, 2017 - $4,737,796), had a working capital deficit of $810,743 (April 30, 2017 – Working Capital of $2,835,928), has not yet achieved profitable operations, has commitments due in the coming fiscal year, and had an accumulated deficit of $14,012,441 since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Subsequent to the year end, Golden Reign and Marlin Gold Mining Ltd. ("Marlin") entered into a definitive bridge loan agreement for a bridge loan from Marlin to Golden Reign of C$4,000,000, which was received on May 15, 2018, having a term of one year and bearing interest at 8% per annum (the "Bridge Loan"). Upon completion of the proposed Transaction (Note 13), the Bridge Loan will become intercompany debt and terminated. In the event that (a) Golden Reign shareholders vote not to approve the proposed Transaction, or (b) either the non-binding letter of intent (the "LOI") or the Definitive Agreement is terminated in accordance with its terms, then all accrued interest under the Bridge Loan will become immediately due and the maturity date of the Bridge Loan will accelerate to the earlier of the original maturity date or the date that is four months from the negative shareholder vote or termination of the LOI or Definitive Agreement, as applicable.

The Company's ability to continue as a going concern is dependent upon either the successful conclusion of the proposed Transaction or its ability to obtain the necessary financing to repay the Bridge Loan, advance its mineral property interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Directors on August 27, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The accounting policies set out below have been applied consistently to all years in these consolidated financial statements.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

All intercompany balances, transactions, income and expenses have been eliminated upon consolidation.

(d) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those of the Company.

The consolidated financial statements of the Company include the following subsidiaries:

Name of subsidiaries	Place of incorporation	Percentage ownership
Nicoz Resources, S.A.	Nicaragua	100%
Gold Belt, S.A.	Nicaragua	100%

(e) Determination of Functional Currency

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Golden Reign Resources Ltd., is the Canadian dollar; and the functional currency of the Company's subsidiaries is the US dollar. The presentational currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the applicable period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(e) Determination of Functional Currency (cont'd…)

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid market investments with original terms of maturity of less than 90 days at time of acquisition, or which are redeemable at the option of the Company.

(g) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL"). All of the financial assets held by the Company at the statement of financial position date have been classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(h) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. All of the financial liabilities held by the Company at the statement of financial position date have been classified as other financial liabilities.

Other financial liabilities consist of liabilities carried at amortized cost using the effective interest method.

(i) Impairment of financial assets

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

For all financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principle payments; or
- It has become probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amounts of financial assets are reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(i) Impairment of financial assets (cont'd…)

against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

(j) Exploration and evaluation assets

Exploration costs prior to obtaining legal title are expensed in the period in which they are incurred. All costs related to the acquisition and exploration of exploration and evaluation assets are capitalized to property until the commencement of commercial production. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

Management reviews the capitalized costs on its exploration and evaluation assets at each quarterly reporting period to consider if there is an impairment to take into consideration from current exploration results and management's assessment of the exploration results and of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are tested for impairment and then reclassified to development assets within property, plant and equipment. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any preproduction revenues. Commercial production is deemed to have occurred when management determines certain production parameters are met which demonstrates that the asset is operating in the way intended by management.

Should a project be put into production, all capitalized costs will be amortized over the life of the project based on estimated economic reserves or over the life of the specific asset if shorter than the mine life.

(k) Decommissioning, restoration and similar liabilities

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the decommissioning of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation 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 Company's estimates of reclamation 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 the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(l) Equipment

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The Company provides for depreciation of equipment on a straight-line basis unless otherwise noted using the following annual rates:

Buildings	10%
Computer equipment	20% - 50%
Furniture and equipment	30%
Exploration equipment	50%
Vehicles	20% - 50%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

When equipment is composed of major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace an asset component that is accounted for separately, including major inspections and overhaul expenditures, are capitalized.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(m) Share capital

The Company has one class of shares, common shares, which are classified as share capital. These are recorded at the proceeds received less any direct issue costs. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Where the Company purchases any of its equity share capital, the consideration paid is deducted from equity attributable to the Company's equity holders until shares are cancelled, reissued or disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(n) Deferred taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or loss. Current income tax expense represents the expected income tax payable (or recoverable) on taxable income for the year using income tax rates enacted or substantially enacted at the end of the reporting year and taking into account any adjustments arising from prior years.

Deferred tax is recorded, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(o) Loss per share

The Company presents basic and diluted loss per share data for common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(p) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to reserves.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(q) Significant accounting judgments and estimation uncertainties

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

(i) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. The carrying value and the recoverability of exploration and evaluation assets

   Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

2. Valuation of share-based payments and compensatory warrants

   Share-based payments and compensatory warrants are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

3. Valuation of the derivative liability embedded in the Gold Stream Arrangement

   The Company has entered into a Gold Stream Arrangement (Note 6) which contains a derivative liability. The valuation of this derivative utilizes a number of assumptions, including discount rate, future gold prices, the probability of achieving commercial production from the San Albino Gold Deposit, and future production levels. As at the statement of financial position date, management, due to uncertainties related to permitting and Marlin's right to opt out of future funding, has determined the derivative value to be nominal.

(ii) Critical accounting judgments

Capitalization of exploration costs

The determination of the Company's transition from exploration to development requires judgement in determining the timing at which to begin capitalizing development costs and whether future economic benefits, which are based on assumptions about future events and circumstances, may be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(q) Significant accounting judgments and estimation uncertainties (cont'd…)

(ii) Critical accounting judgments (cont'd…)

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company determined the functional currency of its Canadian operations to be the Canadian dollar, and the functional currency of its Nicaraguan operations to be the United States dollar. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(r) Related party transactions

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

(s) Changes in accounting policies and new accounting pronouncements

New accounting standards and interpretation

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

Accounting standards not yet effective

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018. The Company has concluded the impact of IFRS 15 will not be material to the financial statements.

IFRS 9, *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has concluded the impact of IFRS 9 will not be material to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(s) Changes in accounting policies and new accounting pronouncements (cont'd)

IFRS 16, *Leases*

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is in the process of determining the impact that these changes will have on its financial statements.

3. EXPLORATION AND EVALUATION ASSETS

(a) San Albino-Murra Property, Nicaragua

On May 7, 2012, the Company completed the terms of an 80% earn-in interest property agreement which was signed on June 26, 2009 with Nicoz Resources, S.A., and on October 31, 2012 the Company acquired the remaining 20% interest in the San Albino-Murra Mining Concession (the "Property") located in Nicaragua by making cash payments of US$1,100,000, incurring aggregate exploration expenditures of US$5,000,000 and issuing 6,100,000 common shares at a value of $2,813,770.

There is a net smelter return of 3% payable to the Nicaraguan government pursuant to existing mining laws.

The San Albino-Murra Property license is valid until February 3, 2027 and may be renewed for another 25-year term.

(b) El Jicaro Concession, Nicaragua

In January 2012, the Company paid $119,472 (USD$120,000) to acquire a 100% interest in the El Jicaro Concession, which is contiguous to the San Albino-Murra Property, located in Nueva Segovia, Nicaragua.

The El Jicaro Concession license is valid for a period of 25 years until September 28, 2033 and may be renewed for another 25-year term.

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

For the Year ended April 30, 2018:

	San Albino-Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2017	$ 5,985,221	$ 163,944	$ 6,149,165
Translation adjustment	(361,865)	(9,912)	(371,777)
Balance, April 30, 2018	**$ 5,623,356**	**$ 154,032**	**$ 5,777,388**
Deferred exploration costs			
Balance, April 30, 2017	32,218,323	163,586	32,381,909
Consulting	282,026	-	282,026
Depreciation	16,271	1,437	17,708
Field office	345,054	-	345,054
Geological consulting	480,155	-	408,155
Professional fees	97,803	13,291	111,094
Project expenses	1,489,451	102,171	1,591,622
Reports	135,265	-	135,265
Stock-based compensation	90,100	-	90,100
Travel	51,730	-	51,730
Subtotal, deferred exploration costs	35,206,178	280,485	35,486,663
Translation adjustment	(1,954,567)	(26,909)	(1,981,476)
Balance, 30 April 2018	**33,251,611**	**253,576**	**33,505,187**
Balance, April 30, 2018	**$ 38,874,967**	**$ 407,608**	**$39,282,575**

For the Year Ended April 30, 2017:

	San Albino-Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2016	$ 5,497,185	$ 150,576	$ 5,647,761
Translation adjustment	488,036	13,368	501,404
Balance, April 30, 2017	**$ 5,985,221**	**$ 163,944**	**$ 6,149,165**
Deferred exploration costs			
Balance, April 30, 2016	25,433,960	95,593	25,529,553
Consulting	367,516	-	367,516
Depreciation	42,840	-	42,840
Field office	324,173	-	324,173
Geological consulting	261,235	-	261,235
Professional fees	39,858	-	39,858
Project expenses	2,147,688	58,059	2,205,747
Reports	710,448	-	710,448
Stock-based compensation	489,947	-	489,947
Travel	47,093	-	47,093
Subtotal, deferred exploration costs	29,864,758	153,652	30,018,410
Translation adjustment	2,353,565	9,934	2,363,499
Balance, April 30, 2017	**32,218,323**	**163,586**	**32,381,909**
Balance, April 30, 2017	**$ 38,203,544**	**$ 327,530**	**$38,531,074**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2018	April 30, 2017
Accounts payable	**$ 52,868**	$ 204,345
Accrued liabilities	**266,518**	197,852
	$ 319,386	$ 402,197

5. SHARE CAPITAL

Authorized:

Unlimited number of common shares, without par value

(a) Private placements

During the year ended April 30, 2018 the Company did not undertake any equity financings.

During the year ended April 30, 2017, the Company:

(i) raised gross proceeds of $4,377,599 via a non-brokered private placement of 19,898,180 common shares priced at $0.22 per share. In connection with the offering, the Company paid finder's fees of $158,762 cash and issued 671,809 share purchase warrants priced at $0.22 per share exercisable for a period of eighteen months. The share purchase warrants were valued at $94,700 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk-free interest rate of 0.75%, an expected life of 1.5 years, an expected volatility of 81.72% and a dividend rate of nil; and

(ii) raised gross proceeds of $1,860,000 via a brokered private placement of 8,454,545 common shares priced at $0.22 per share. In connection with the offering, the Company paid finder's fees of $111,600 cash and granted 591,818 agent's compensation options (the "Agent's Options") priced at $0.22 per share exercisable for a period of eighteen months. The Agent's Options were valued at $85,500 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk-free interest rate of 0.82%, an expected life of 1.5 years, an expected volatility of 81.09% and a dividend rate of nil.

(b) Share purchase warrants

Share purchase warrant transactions for the year ended April 30, 2018 and 2017 are summarized below:

	For the Year Ended April 30, 2018		**For the Year Ended April 30, 2017**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	671,809	$ 0.22	712,075	$ 0.12
Issued	-	-	671,809	0.22
Exercised	(21,718)	0.22	(712,075)	0.12
Ending balance	**650,091**	**$ 0.22**	**671,809**	**$ 0.22**
Warrants exercisable	**650,091**	**$ 0.22**	**671,809**	**$ 0.22**

5. SHARE CAPITAL (cont'd…)

(b) Share purchase warrants (cont'd…)

As at April 30, 2018 and 2017 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	April 30, 2018	April 30, 2017	Weighted Average Remaining Contractual Life
June 30, 2018	$0.22	139,262	154,483	0.17 years
July 12, 2018	0.22	510,829	517,326	0.20 years

Subsequent to year end, 139,262 warrants priced at $0.22 and 510,829 warrants priced at $0.22 expired unexercised on June 30, 2018 and July 12, 2018, respectively.

(c) Share options

The Company has a share option plan, under which the Board of Directors is authorized to grant options to employees, directors, officers and consultants, enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The exercise price of each option is based at minimum on the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve-month period, with no more than ¼ vesting during any three-month period. Vesting provisions for other options are determined by the Company's Board of Directors.

The following options were outstanding as at April 30, 2018 and April 30, 2017:

	For the Year Ended April 30, 2018		For the Year Ended April 30, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	12,025,000	$0.23	6,430,000	$0.22
Granted	591,818	0.22	8,415,000	0.26
Granted	890,000	0.26	-	-
Granted	150,000	0.35	-	-
Exercised	(86,306)	0.20	(1,000,000)	0.25
Expired	(1,105,000)	0.25	(1,820,000)	0.20
Ending balance	**12,465,512**	**$0.23**	**12,025,000**	**$0.23**
Options exercisable	**11,765,512**	**$0.24**	**10,775,000**	**$0.25**

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
0.20	July 15, 2018	895,000	895,000	0.21 years
0.22	July 24, 2018	570,512	570,512	0.23 years
0.25	October 16, 2018	60,000	60,000	0.46 years
0.10	February 19, 2021	2,000,000	1,375,000	2.81 years
0.25	June 14, 2021	5,485,000	5,485,000	3.13 years
0.30	August 25, 2021	2,415,000	2,415,000	3.32 years
0.26	August 21, 2022	890,000	890,000	4.31 years
0.35	October 2, 2022	150,000	75,000	4.43 years
$ 0.23		12,465,512	11,765,512	2.90 years

5. SHARE CAPITAL (cont'd…)

(c) Share options (cont'd…)

Subsequent to the year-end, 895,000 options priced at $0.20 and 570,512 options priced at $0.22 expired unexercised on July 15, 2018 and July 24, 2018, respectively.

(d) Share-based compensation

During the year ended April 30, 2018, the Company recorded share-based compensation of $194,800 (2017 - $1,561,600), of which $90,100 (2017 - $480,900) was capitalized as mineral property expenditures and $104,700 (2017 - $900,500) was expensed as share-based compensation in operations, and $Nil (2017 - $180,200) represents finders' fees as per note 5(a) above, with a corresponding increase in reserves-share based.

The fair value of share options was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	Year Ended April 30, 2018	**Year Ended April 30, 2017**
Risk-free interest rate	1.51 – 1.77%	0.53 - 0.69%
Expected life of options	5 years	5 years
Expected volatility	75.29 – 75.64%	77.47 - 77.91%
Weighted average fair value per option	$0.24 – 0.32	$0.16 – 0.19

6. GOLD STREAMING ARRANGEMENT

In July 2014, the Company completed an agreement with Marlin Gold Mining Ltd. ("Marlin") for a US$15.0 million gold streaming arrangement at its San Albino Gold Deposit and surrounding area. Under the arrangement, Marlin's wholly-owned subsidiary, Sailfish Royalty Corp. ("Sailfish") will be entitled to purchase 40% of the gold production from the San Albino Gold Deposit at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19,600,000. During this period, the Company will be required to make minimum monthly payments of US$282,800 per month, either in gold production or in cash, when commercial production commences. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production plus 50% of the price differential above US$1,200 per troy ounce, subject to certain adjustments. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment on the outstanding balance due from the Company. During the fiscal year ended April 30, 2015, the Company incurred financing fees of $411,787 associated with the execution of this agreement.

During the year ended April 30, 2016, the Company received an initial draw down of $705,652 (US$536,536) of the upfront cash payment amount of US$15.0 million, to be used for engineering work during the pre-development phase. The balance of the US$15.0 million is subject to Marlin's election to proceed and is payable in installments once the project schedule and project budget are completed, approved by the Company and accepted by Marlin, and the associated Engineering, Procurement and Construction Management contract executed. Prior to commercial production, an 8% semi-annual coupon payment on the outstanding balance is payable by the Company. At April 30, 2016, the Company had recorded interest payable of $15,934 (US$11,800).

During the year ended April 30, 2017, the Company received further draw down funds of $764,410 (US$559,515) to be used for on-going engineering work during the pre-development phase. The Company recorded interest payable of $91,339 (US$68,607) and interest payments made of $68,760 (US$52,118). Differences in foreign exchange rates between the prior year-end rate and the current year-end rate attributed a further $59,905 to the liability recorded.

6. GOLD STREAMING ARRANGEMENT (cont'd…)

During the year ended April 30, 2018, the Company recorded interest payable of $110,779 (US$87,683) and interest payments were made of $111,145 (US$86,248). Differences in foreign exchange rates between the prior year-end rate and the current period rate resulted in a reduction of $90,662 to the liability recorded.

As at April 30, 2018, the Company had recorded the following:

	USD	CAD Equivalent
Beginning balance, May 1, 2017 (principal & interest)	$ 1,124,340	**$ 1,536,073**
Add:		
Interest payable on draw-downs	87,683	**110,779**
Due to changes in foreign exchange rates	-	**(90,662)**
Less:		
Semi-annual interest payments made	(86,248)	**(111,145)**
Total principal and interest payable	$ 1,125,775	**$ 1,445,045**

As at April 30, 2017, the Company had recorded the following:

	USD	CAD Equivalent
Beginning balance, May 1, 2016 (principal & interest)	548,336	**689,179**
Add:		
Draw-downs	559,515	**$ 764,410**
Interest payable on draw-downs	68,607	**91,339**
Due to changes in foreign exchange rates	-	**59,905**
Less:		
Semi-annual interest payments made	(52,118)	**(68,760**
Total principal and interest payable	$ 1,124,340	**$ 1,536,073**

7. RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive), the CEO, President, CFO, and VP of Exploration. The Compensation paid or payable to key management for employee services is shown below:

	April 30, 2018	April 30, 2017
Management & consulting fees (included in E&E assets)	**$ 415,200**	$ 396,000
Wages	**168,000**	168,000
Share-based compensation	**88,500**	279,540
Total	**$ 671,700**	$ 843,540
Accounts payable due to related parties	**$ 8,780**	$ 2,693

8. COMMITMENTS

The Company has entered into an operating lease agreement for its corporate head office premises. The annual lease commitments under the lease are as follows:

2018	$ 61,018
2019	$ 61,018
2020	$ 40,679

9. INCOME TAXES

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

	2018	2017
Loss for the year before income tax	**$ (771,304)**	$ (1,455,124)
Expected income tax recovery at statutory rate of 26% (2017: 26%)	**$ (201,000)**	$ (378,000)
Change in statutory, foreign tax, foreign exchange rates and other	**(87,000)**	-
Permanent differences	**27,000**	238,000
Share issue costs	**-**	(46,000)
Change in unrecognized deductible temporary differences	**261,000**	186,000
Total deferred income tax expense (recovery)	**$ -**	$ -

The Company estimates that the realization of income tax benefits related to deferred income tax assets is uncertain and cannot be considered to be more likely than not. Accordingly, no deferred income tax asset has been recorded. The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2018	2017
Deferred Tax Assets		
Exploration and evaluation assets	**$ 177,000**	$ 187,000
Property and equipment	**17,000**	14,000
Share issue costs	**83,000**	127,000
Allowable capital losses	**167,000**	161,000
Non-capital losses available for future years	**2,247,000**	1,941,000
	2,691,000	2,430,000
Unrecognized deferred tax assets	**(2,691,000)**	(2,430,000)
Net deferred tax assets	**$ -**	**$ -**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry date range	2017
Temporary Differences			
Exploration and evaluation assets	$ 654,000	No expiry date	$ 720,000
Equipment	65,000	No expiry date	52,000
Share issue costs	306,000	2034 to 2039	487,000
Allowable capital losses	620,000	No expiry date	620,000
Non-capital losses available for future years	8,324,000	2019 to 2037	7,463,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments measured at fair value are classified into one of three levels 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 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(a) Fair value

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, and the Gold Streaming Arrangement liability. The carrying values of cash, receivables and payables approximate fair value because of the short-term nature of these instruments.

(b) Credit and interest risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are primarily due from a government agency. The Company's credit risk has not changed significantly from the prior year.

(c) Liquidity risk

The Company manages liquidity risk by monitoring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through private placements; however, there is no assurance that additional funding will be available in the amounts required on a timely basis. As at April 30, 2018, a material uncertainty exists that may cast significant doubt upon the Company's ability to continue as a going concern. See note 1 for further information.

(d) Commodity risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(e) Foreign currency risk

The Company's functional currency is the Canadian dollar; however, its subsidiaries' functional currency is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. A 1% change in rates would result in a nominal increase / decrease to monetary assets.

11. CAPITAL MANAGEMENT

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including general industry conditions.

11. CAPITAL MANAGEMENT (cont'd…)

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand and demand deposits. There have been no changes to the Company's approach to capital management during the year ended April 30, 2018.

12. SEGMENTED INFORMATION

The Company operates in the single business segment of mineral acquisition and exploration. The Company's identifiable capital assets are located primarily in Nicaragua. Geographic information is as follows:

	April 30, 2018	April 30, 2017
Equipment		
Nicaragua	$ 71,695	$ 90,170
Canada	5,008	13,996
	$ 76,703	**$ 104,166**
Exploration and evaluation assets		
Nicaragua	$ 39,436,607	$ 38,531,074
	$ 39,436,607	**$ 38,531,074**
Net Loss		
Canada	$ 771,304	$ 1,455,127
	$ 771,304	**$ 1,455,127**

	For the Three Months Ended April 30, 2018	For the Three Months Ended April 30, 2017
Net Loss		
Canada	$ 223,851	$ 134,258
	$ 223,851	**$ 134,258**

13. SUBSEQUENT EVENTS

(a) Business combination

On August 7, 2018, the Company announced that Golden Reign Resources Ltd ("Golden Reign") and Marlin Gold Mining Ltd ("Marlin") have entered into a definitive agreement (the "Definitive Agreement") which has been unanimously approved by each of the boards of directors of Golden Reign and Marlin, pursuant to which Golden Reign and Marlin propose to complete the previously announced business combination whereby Golden Reign will acquire all of the issued and outstanding shares of Marlin (following completion of the Marlin Reorganization and satisfaction of all closing conditions of the business combination) by way of plan of arrangement (the "Transaction"). As a condition to closing the Transaction Sailfish has agreed to restructure its existing gold stream arrangement on San Albino.

Under the terms of the Definitive Agreement, Golden Reign will acquire all of the outstanding Marlin common shares in exchange for 0.5138 of a Golden Reign common share (each whole common share, a "GRR Share") for each Marlin common share acquired (the "Consideration"). In addition, Marlin will distribute an aggregate of 18,148,654 GRR Shares currently held by Marlin to the Marlin Shareholders on the basis of 0.1022 GRR Shares for each Marlin common share, bringing the total GRR Shares to be received by Marlin shareholders to 0.6160 of a GRR Share for each Marlin common share outstanding at Closing. The Transaction will result in Marlin and certain of its subsidiaries, including Oro Gold de Mexico and Marlin Gold Trading, becoming wholly-owned subsidiaries of Golden Reign (the "Combined Company"). In

13. SUBSEQUENT EVENTS (cont'd…)

(a) Business combination (cont'd…)

addition to certain terms and conditions described in this news release, the Definitive Agreement includes customary provisions, including covenants not to solicit other acquisition proposals and the right to match any superior proposals. Termination fees of C$1 million will be paid to Marlin or Golden Reign in certain circumstances should the Transaction not be completed.

Upon completion of the Transaction, it is expected that the shareholders of Marlin, as of the closing time, will own, in aggregate, approximately 45% of the issued and outstanding common shares of the Combined Company (including the current Marlin shareholding of Golden Reign) and the shareholders of Golden Reign, as of the closing time, will own, in aggregate, approximately 55% of the issued and outstanding common shares of the Combined Company.

Under the terms of the Arrangement Agreement, as a condition to Closing, Marlin has agreed to undertake a corporate reorganization, pursuant to which it will (i) sell its Commonwealth silver and gold property in Cochise County, Arizona, to Wexford Capital LP or funds controlled by it ("Wexford"), Marlin's controlling shareholder, which will extinguish all of Marlin's loans and any other debts and liabilities owing to Wexford; (ii) assign to Sailfish its 1% net smelter return royalty on the Parral 2 claims on the La Cigarra project owned by Kootenay Silver Inc. (the "La Cigarra Royalty") and its 1.5% net smelter return royalty on the majority of the concessions at the El Compas project operated by Endeavour Silver Corp. (the "El Compas Royalty"), and grant an option to Sailfish to purchase its Gavilanes property in Mexico, all as partial consideration for Sailfish agreeing to enter into the amendment to the existing gold stream on San Albino (Note 6); (iii) wind-up certain of its non-material subsidiaries that will not be acquired by Golden Reign under the Transaction; and (iv) arrange for the sale of 17,155,191 common shares of Golden Reign, currently held by Marlin, at a price of $0.1539 on a private placement basis, pursuant to which Wexford will purchase at least 85% of such Golden Reign common shares and an aggregate of at least 993,464 of such Golden Reign common shares will be purchased by current stock option holders of Marlin. The full amount of the gross proceeds from such private placement of $2,640,183.89 will remain in Marlin on the Closing of the Transaction. These pre-Closing transactions being completed by Marlin are collectively referred to herein as the "Marlin Reorganization".

As a result of the Marlin Reorganization, Golden Reign will acquire Marlin and certain of its material subsidiaries on a debt free and working capital neutral basis.

Revised Stream Agreement

Another key condition to the closing of the Transaction is that Golden Reign and its subsidiaries, Marlin and Sailfish enter into a mutually acceptable agreement to restructure the existing gold stream on San Albino (the "Amended and Restated Gold Purchase Agreement") (Note 6). Accordingly, concurrent with the signing of the Arrangement Agreement, Golden Reign and its subsidiaries, Marlin and one of its material subsidiaries and Sailfish have entered into a master agreement (the "Master Agreement") whereby the parties have agreed:

(a) to the substantial form of and the terms and conditions of the Amended and Restated Gold Purchase Agreement, equivalent to a 3% net smelter returns royalty, to be entered into effective as of the closing of the Transaction, with respect to a certain area of interest on San Albino concession (the "**AOI**"), which includes as a schedule to the Amended and Restated Gold Purchase Agreement, the substantial form of and terms and conditions of a new royalty agreement to be entered into between Golden Reign and its subsidiaries, and Sailfish, with respect to a 2% net smelter returns royalty on production from the San Albino concession (exclusive of the AOI) and the El Jicaro concession;

(b) that Marlin will make cash payments to Sailfish in respect of any amounts recovered by Marlin in certain lawsuits Marlin has filed against the Mexican tax authority for the purpose of obtaining previously denied Mexican value added tax refunds for an aggregate of $37,379,097 Mexican pesos ($7,490,437 Mexican pesos of which have already been received), before certain interest and inflation adjustments and applicable legal fees;

13. SUBSEQUENT EVENTS (cont'd…)

(a) Business combination (cont'd…)

(c) that Sailfish will extinguish Golden Reign's prepayment liability associated with the existing gold stream on San Albino prior to Closing;

(d) that Sailfish's existing funding obligation of approximately US$13.9 million will be eliminated prior to Closing; and

(e) to the substantial form of and the terms and conditions of certain assignment, option and royalty agreements, that will be entered into as partial consideration to be paid to Sailfish in consideration for entering into the Amended and Restated Gold Purchase Agreement. Such agreements provide for Marlin's assignment to Sailfish, for no additional consideration, of the El Compas Royalty and La Cigarra Royalty in Mexico. Such agreements also provide for Marlin's agreement to transfer its Gavilanes property in Mexico, to a designee of Sailfish.

(b) Options

On August 9, 2018, the Company announced the granting of 5,145,000 options to certain directors, officers and employees at an exercise price of $0.195 cents per share for a term of five years. A total of 700,000 of the stock options are subject to vesting requirements whereby they vest immediately upon the first gold pour from the San Albino Gold Mine and the additional 4,445,000 stock options vest immediately. The securities represented by this grant will be subject to a four-month hold period.