PACTON GOLD INC.

(formerly Noka Resources Inc.)

Financial Statements

November 30, 2017 and 2016

(Expressed in Canadian Dollars)

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(formerly Noka Resources Inc.)

November 30, 2017 and 2016

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Financial Statements

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Independent Auditor's Report

To the Shareholders of
Pacton Gold Inc (formerly Noka Resources Inc.)

We have audited the accompanying financial statements of Pacton Gold Inc (formerly Noka Resources Inc.), which comprise the statements of financial position as at November 30, 2017 and November 30, 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacton Gold Inc (formerly Noka Resources Inc.) as at November 30, 2017 and November 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainties that may cast significant doubt about the ability of Pacton Gold Inc (formerly Noka Resources Inc.) to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
March 23, 2018

PACTON GOLD INC.
(formerly Noka Resources Inc.)
Statements of Financial Position
November 30,
(Expressed in Canadian Dollars)

	2017	2016
Assets		
Current		
Cash	$ 121,526	$ 20,142
Receivables	97,772	1,790
Prepaid expenses	3,716	750
	223,014	22,682
Equipment (note 7)	4,315	5,394
Exploration and Evaluation Assets (note 8)	1,609,706	476,449
	$ 1,837,035	$ 504,525
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	$ 1,217,268	$ 260,041
Loan payable (note 9)	-	14,000
	1,217,268	274,041
Shareholders' Equity		
Capital Stock (note 10)	9,215,918	7,381,812
Share-based Payments Reserve (note 10)	495,161	411,207
Deficit	(9,091,312)	(7,562,535)
	619,767	230,484
	$ 1,837,035	$ 504,525

Going Concern (note 2)
Subsequent Events (note 15)

Approved on behalf of the Board:

"Richard Kusmirski" ……………………………… Director
Richard Kusmirski

"Dominic Verdejo" ……………………………… Director
Dominic Verdejo

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

PACTON GOLD INC.
(formerly Noka Resources Inc.)
Statements of Comprehensive Loss
For the Years Ended November 30,
(Expressed in Canadian Dollars)

		2017		2016
Expenses				
Amortization (note 7)	$	1,079	$	1,348
Consulting fees		752,811		210,246
Management fees (note 11)		42,750		142,500
Office and miscellaneous		22,691		16,899
Professional fees (note 11)		81,076		71,335
Rent (note 11)		9,000		27,359
Share-based payments (note 10)		300,629		341,127
Shareholder communications and investor relations		4,874		134,608
Transfer agent and filing fees		64,632		28,698
		(1,279,542)		(974,120)
Other Items				
Impairment of exploration and evaluation assets (note 8)		(362,269)		(1,260,903)
Loss on settlement of accounts payable and accrued liabilities (note 10)		(7,857)		-
Net Loss and Comprehensive Loss for the Year	$	(1,649,668)	$	(2,235,023)
Basic and Diluted Loss Per Share	$	(0.03)	$	(0.07)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		48,586,641		30,287,264

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

PACTON GOLD INC.
(formerly Noka Resources Inc.)
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Capital Stock					
	Number of Shares	**Capital Stock**	**Share-based Payments Reserve**	**Deficit**	**Total**
Balance, November 30, 2015	**23,720,988**	**$ 6,128,634**	**$ 198,021**	**$ (5,390,678)**	**$ 935,977**
Private placements	5,839,333	700,720	-	-	700,720
Share issue costs	-	(98,230)	46,183	-	(52,047)
Shares issued for exploration and evaluation assets	2,500,000	325,000	-	-	325,000
Exercise of stock options	3,351,000	214,730	-	-	214,730
Fair value of exercised stock options	-	110,958	(110,958)	-	-
Expiry of stock options	-	-	(9,837)	9,837	-
Share-based payments (note 10)	-	-	341,127	-	341,127
Expiry of agents warrants	-	-	(53,329)	53,329	-
Net loss and comprehensive loss for year	-	-	-	(2,235,023)	(2,235,023)
Balance, November 30, 2016	**35,411,321**	**7,381,812**	**411,207**	**(7,562,535)**	**230,484**
Private placements	11,328,571	711,000	-	-	711,000
Share issue costs	28,000	(20,435)	-	-	(20,435)
Shares issued for exploration and evaluation assets	6,450,000	780,500	-	-	780,500
Shares issued for settlement of accounts payable and accrued liabilities	392,857	35,357	-	-	35,357
Exercise of stock options	1,108,000	108,550	-	-	108,550
Fair value of exercised stock options	-	75,589	(75,589)	-	-
Exercise of warrants	599,920	123,350	-	-	123,350
Fair value of exercised warrants	-	20,195	(20,195)	-	-
Share-based payments (note 10)	-	-	300,629	-	300,629
Expiry and cancellation of stock options	-	-	(120,891)	120,891	-
Net loss and comprehensive loss for year	-	-	-	(1,649,668)	(1,649,668)
Balance, November 30, 2017	**55,318,669**	**$ 9,215,918**	**$ 495,161**	**$ (9,091,312)**	**$ 619,767**

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

PACTON GOLD INC.
(formerly Noka Resources Inc.)
Statements of Cash Flows
For the Years Ended November 30,
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net loss	$ (1,649,668)	$ (2,235,023)
Items not involving cash		
Amortization	1,079	1,348
Share-based payments	300,629	341,127
Impairment of exploration and evaluation assets	362,269	1,260,903
Loss on settlement of accounts payable and accrued liabilities	7,857	-
Changes in non-cash working capital		
Receivables	(95,982)	4,880
Prepaid expenses	(2,966)	1,753
Accounts payable and accrued liabilities	606,605	(63,603)
Cash Used in Operating Activities	(470,177)	(688,615)
Investing Activity		
Exploration and evaluation assets	(336,904)	(154,369)
Cash Used in Investing Activity	(336,904)	(154,369)
Financing Activities		
Net proceeds from share issuance	922,465	863,403
Repayment of loans	(14,000)	(20,000)
Cash Provided by Financing Activities	908,465	843,403
Inflow of Cash	101,384	419
Cash, Beginning of Year	20,142	19,723
Cash, End of Year	$ 121,526	$ 20,142

Supplemental Disclosure with Respect to Cash Flows (note 12)

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

1. NATURE OF OPERATIONS

Pacton Gold Inc. (the “Company" or “Pacton”) was incorporated pursuant to the British Columbia *Business Corporations Act* on December 15, 2010. The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5. The Company operates in Canada and the USA. On July 17, 2012, the Company's stock was listed on the TSX Venture Exchange ("TSX-V") trading under the symbol "NX". On April 27, 2017, the Company changed its name to Pacton Gold Inc. and began trading under the symbol “PAC”. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a loss during the year ended November 30, 2017 of $1,649,668 (2016 - $2,235,023) and has a deficit of $9,091,312 (2016 - $7,562,535), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful.

If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 23, 2018.

3. BASIS OF PRESENTATION (Continued)

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS"), and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these financial statements.

a) Cash

Cash includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Equipment

Equipment is stated at cost less accumulated amortization and impairment losses. The residual value, useful life and amortization method are evaluated every reporting period and changes to the residual value, estimated useful life or amortization method resulting from such review are accounted for prospectively. Amortization is provided for using the declining-balance method at the following rate per annum:

Furniture and equipment	20%

c) Exploration and evaluation assets

i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the amounts upon payment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation assets (continued)

i) Exploration and evaluation expenditures (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral property interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures that would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral property interest given up by the Company, with any excess cash accounted for as a gain on disposal.

ii) Impairment

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit and loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

iii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation assets (continued)

iii) Decommissioning liabilities (continued)

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

d) Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance when the fair value of the non-monetary assets cannot be reasonably estimated. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred to capital stock. For those warrants that expire the recorded value is transferred to deficit.

e) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component using the Black-Scholes option pricing model on grant date. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

f) Financial instruments

i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments (“HTM”), loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at FVTPL
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income.

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

f) Financial instruments (continued)

i) Financial assets (continued)

- HTM investments
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- AFS financial assets
  AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- Impairment of financial assets
  Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period-end. 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 asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:
- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial instruments (continued)

i) Financial assets (continued)

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off 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 and loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: Other financial liabilities and derivative financial liabilities.

- Other financial liabilities
  Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

- Derivative financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

iii) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into shares of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial instruments (continued)

iii) Compound financial instruments (continued)

subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit and loss. When the conversion option is exercised, the consideration received is recorded as capital stock and the equity component of the compound financial instrument is transferred to capital stock.

iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

g) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

h) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Income taxes (continued)

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income 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 reduced. 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.

i) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. The Company's options and warrants were anti-dilutive in the years ended November 30, 2017 and 2016, as losses were incurred.

j) Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

j) Impairment of assets (continued)

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Joint arrangements

Certain activities of the Company may be conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The financial statements include the Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

l) New accounting standards adopted during the year

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

Amendments to IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* to condensed interim financial statements.

The adoption of the above new accounting standards on December 1, 2016 did not have any impact on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New accounting standards issued but not yet effective

The Company is currently evaluating the impact that these new accounting standards are expected to have on its financial statements and will adopt these standards at the effective dates.

Amendments to IAS 7 Statement of Cash Flows

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. Additional amendments include introduction of new hedge accounting model and a new expected-loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter 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 a low 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 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES (Continued)

Critical judgments in applying accounting policies (continued)

d) Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at November 30, 2017, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; receivables as loans and receivables; and accounts payable and accrued liabilities and loans payable as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

November 30, 2017	Level 1	Level 2	Level 3	Total
Cash	$ 121,526	$ -	$ -	$ 121,526

November 30, 2016	Level 1	Level 2	Level 3	Total
Cash	$ 20,142	$ -	$ -	$ 20,142

6. FINANCIAL INSTRUMENTS (Continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of November 30, 2017 equal $1,217,268 (November 30, 2016 - $274,041). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of November 30, 2017. The cash available is not sufficient to meet the Company's financial obligations at year-end.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – The Company has no funds held in a foreign currency, and as a result is not exposed to significant currency risk on its financial instruments at year-end.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

d) Capital management (continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

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 successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

7. EQUIPMENT

		Furniture and Equipment
Cost		
Balance, November 30, 2015, 2016 and 2017	$	7,717
Accumulated Amortization		
Balance, November 30, 2015	$	975
Amortization		1,348
Balance, November 30, 2016		2,323
Amortization		1,079
Balance, November 30, 2017	$	3,402
Net Book Value, November 30, 2016	$	5,394
Net Book Value, November 30, 2017	$	4,315

8. EXPLORATION AND EVALUATION ASSETS

a) Tully West Gold Property

On January 16, 2017, the Company entered into an option agreement to earn a 100% interest in the Tully West Gold Property, located in Ontario. On January 18, 2018, certain terms were amended. Under the terms of the amended agreement, the Company must make cash payments and issue common shares of the Company as follows:

8. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Tully West Gold Property (continued)

- Issue 1,300,000 common shares of the Company (issued on January 25, 2017 and valued at $117,000) and pay $25,000 (paid) within five days of approval by the TSX-V, which was received January 25, 2017;
- Issue 1,300,000 common shares of the Company on or before January 25, 2018 (issued subsequent to November 30, 2017);
- Pay $80,000 on or before February 15, 2018 (paid subsequent to November 30, 2017); and
- Issue 1,300,000 common shares of the Company and pay $110,000 on or before January 25, 2019.

If the Company completes an equity financing for gross proceeds in excess of $1,000,000 (excluding flow-through proceeds), the remaining option payments are due within ten days of closing of the equity financing.

The Company must also incur exploration expenditures as follows:
- $250,000 on or before January 16, 2018 (incurred);
- An additional $500,000 on or before January 25, 2019; and
- An additional $500,000 on or before January 25, 2020.

The vendors retain a 2.5% net smelter return royalty ("NSR"), of which two-fifths (1%) can be repurchased by the Company for an aggregate $1,000,000.

b) Red Lake Project

On May 10, 2017, the Company entered into an option agreement to earn a 100% interest in 34 mineral claims and 2 mineral patents in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:
- Issue 1,200,000 common shares of the Company (issued and valued at $168,000) and pay $75,000 (paid) within five days of approval by the TSX-V, which was received on May 19, 2017;
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2018;
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2019; and
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2020.

The vendor retains a NSR varying from 0.25% to 2.25%, of which one-half can be repurchased by the Company, at a rate of $250,000 per 0.25%.

On May 23, 2017, the Company entered into an option agreement to earn a 100% interest in 14 mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:
- Issue 300,000 common shares of the Company (issued and valued at $42,000) and pay $16,000 (paid) within five days of approval by the TSX-V, which was received on May 26, 2017;
- Pay $12,000 on or before May 26, 2018;
- Pay $16,000 on or before May 26, 2019; and
- Pay $26,000 on or before May 26, 2020.

The claims are subject to an underlying 2% NSR.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Red Lake Project (continued)

On May 23, 2017, the Company entered into an additional option agreement to earn a 100% interest in 30 additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 2,500,000 common shares of the Company within five days of approval by the TSX-V, which was received on May 26, 2017 (issued and valued at $350,000);
- Pay $100,000 on or before May 26, 2018; and
- Pay $150,000 on or before May 26, 2019.

The vendors retain a 2.5% NSR, of which two-fifths (1%) can be repurchased by the Company for $1,500,000.

c) Birch Gold Project

On March 10, 2017, the Company entered into an option agreement to earn a 100% interest in the Birch Gold Property, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 900,000 common shares of the Company within five days of approval by the TSX-V, which was received on March 22, 2017 (issued and valued at $81,000);
- Pay $75,000 by April 21, 2017 (paid);
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2018;
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2019;
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2020; and
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2021.

The Company must also incur exploration expenditures as follows:

- $150,000 on or before March 22, 2018;
- An additional $300,000 on or before March 22, 2019;
- An additional $350,000 on or before March 22, 2020; and
- An additional $500,000 on or before March 22, 2021.

The Property is subject to a 2% NSR.

On March 10, 2017, the Company entered into an option agreement to earn a 100% interest in the Uchi Gold Property, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 250,000 common shares of the Company within five days of approval by the TSX-V, which was received on March 22, 2017 (issued and valued at $22,500);
- Pay $15,000 by April 21, 2017 (paid);
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2018;
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2019;
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2020; and
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2021.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Birch Gold Project (continued)

The vendor retains a 2.5% NSR, of which two-fifths (1%) can be repurchased by the Company for an aggregate $1,000,000 within 180 days of a public announcement of a positive feasibility study on the project.

The Company determined it would not make the option payments due March 22, 2018. An impairment charge of $211,820 was recognized in net loss for the year ended November 30, 2017.

d) Lincoln Property

On April 21, 2016, and as amended June 15, 2016, the Company entered into an option agreement to acquire a 100% interest in the Lincoln Property, a lithium project in Nevada. Consideration for the option is as follows:

- Issue 1,500,000 common shares to the optionor upon acceptance of the transaction by the TSX-V (issued on July 4, 2016 and valued at $195,000); and
- Cash payment of $50,000 within five days of acceptance by the TSX-V (paid).

At November 30, 2016, the Company determined that the value of the Property was impaired. The Property was written down to $100,000. On January 1, 2017, and as amended on July 11, 2017 and March 14, 2018, the Company reached an agreement to sell the Property for $100,000. The purchaser is required to pay the $100,000 by June 30, 2018.

e) Duxbury Property

On June 28, 2016, and as amended March 10, 2017, the Company entered into an option agreement to acquire a 100% interest in the Duxbury Property, a lithium project in Quebec. Consideration for the option was the issuance of 1,000,000 common shares to the optionor within five days of acceptance of the transaction by the TSX-V (issued on July 5, 2016 and valued at $130,000).

The vendor retains a 2% NSR, of which the Company may repurchase one-half (1%) for $1,000,000.

At November 30, 2017, the Company determined it would not continue exploration of the Duxbury Property. An impairment charge of $150,448 was recognized in net loss for the year ended November 30, 2017.

f) Columbus Property

On November 20, 2015, the Company entered into an agreement to earn a 100% interest in the Columbus Property, located in the Big Smoky Valley, Esmeralda County, Nevada. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Issue 3,200,000 common shares of the Company (issued on November 24, 2015 and valued at $128,000);
- Pay $100,000 on or before December 31, 2016;
- Pay $150,000 on or before December 31, 2017; and
- Pay $200,000 on or before December 31, 2018.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

f) Columbus Property (continued)

The Company was required to incur a minimum of $1,000,000 in exploration expenditures by November 20, 2018. The vendors retained a 1% NSR on the Property, of which one-half (0.50%) could be repurchased by the Company for $1,000,000.

At November 30, 2016, the Company determined it would not make the $100,000 option payment due on December 31, 2016. Accordingly, the Property was written down to $nil.

g) Carpenter Lake

On May 28, 2013, the Company entered into an agreement to acquire a 100% interest in 34 mineral claims located in the Athabasca Basin Region of northern Saskatchewan. Consideration for the acquisition was the issuance of 200,000 common shares (issued and valued at $380,000). The Company paid a finder's fee of 10,000 common shares (issued and valued at $19,000).

The property is subject to a 5% NSR. The NSR may be reduced to a minimum of 2% at the option of either the vendors or the Company in exchange for the issuance of 100,000 common shares for each percentage point bought back (the “Royalty Buyback").

Pursuant to an amending agreement dated June 21, 2013, the Company agreed to file a National Instrument 43-101 Report on or before July 1, 2014 as a condition for approval from the TSX-V to exercise the Royalty Buyback. Failure to receive approval gives the vendors of the property the right to purchase the property for the sum of $200,000 commencing July 1, 2014 for a period of 180 days.

On January 13, 2014, the Company granted an option to Alpha Exploration Inc. (TSX-V: AEX) ("Alpha") to earn a 60% interest in the Company's Clearwater/Carpenter Lake property. Under the terms of the agreement, Alpha must make cash and share payments as follows:

- Cash payment of $12,500 upon approval of the agreement by the TSX-V (received);
- Issuance of 100,000 common shares within 10 days of approval by the TSX-V (received and valued at $59,000);
- Cash payment of $12,500 and issuance of 100,000 common shares on the first anniversary of approval by the TSX-V:
- Cash payment of $12,500 and issuance of 100,000 common shares on the second anniversary of approval by the TSX-V; and
- Cash payment of $12,500 and issuance of 100,000 common shares on the third anniversary of approval by the TSX-V.

Alpha must also incur a total of $1,250,000 in exploration expenditures on the property as follows:

- $250,000 by the first anniversary of approval by the TSX-V;
- A further $250,000 by the second anniversary of approval by the TSX-V; and
- A further $750,000 by the third anniversary of approval by the TSX-V.

On November 6, 2014, Alpha provided the Company with its Notice of Exercise on the option to earn a 60% interest in the Clearwater/Carpenter Lake Property. The Company received the $37,500 in cash payments due from the first through third anniversaries and the 300,000 common shares (valued at $27,000). A joint venture was formed between Alpha (60%) and Pacton (40%) for the further development of the property, with Alpha serving as the operator.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

g) Carpenter Lake (continued)

Presently, the property is subject to a NSR of 2%, which is owed to the original vendors (the "Underlying NSR"). The Underlying NSR rate was reduced from 5% to 2% by Pacton through the issuance of 300,000 common shares of the Company on October 27, 2014 (valued at $90,000).

At November 30, 2016, the Company determined that the value of the Property was impaired due to a lack of recent exploration work by Alpha (now ALX). The Property was written down to $226,000, which is based on the Company's estimated percentage of the Property. Management intends to further explore the Property either on its own or in partnership with ALX.

h) Lodge Pole

On April 15, 2014, the Company entered into two option agreements to earn a 100% interest in the Lodge Pole Point Project, located in the Athabasca Region of northern Saskatchewan. The terms of the agreements were revised on April 10, 2015 and July 27, 2016. Under the terms of the revised agreements, the Company was required to make cash payments and issue common shares of the Company as follows:

- Issue 600,000 common shares of the Company (issued on April 24, 2014 and valued at $600,000);
- Pay $50,000 on or before April 15, 2015 (paid);
- Pay $20,000 on or before December 1, 2016; and
- Pay $20,000 annually, beginning on April 1, 2017, as non-refundable advance NSR royalty payments.

The vendors retained a 1% NSR on the Property, of which one-half (0.50%) could be repurchased by the Company for an aggregate $3,000,000.

At November 30, 2016, the Company determined it would not make the $20,000 option payment due on December 1, 2016. Accordingly, the Property was written down to $nil.

i) Corning Creek

On April 20, 2011, and as amended December 31, 2011, the Company entered into an option agreement to acquire a 100% interest in the mineral claims comprising the Corning Creek Property, except for mineral claim 831925, subject to a 2% NSR. Consideration for the option was as follows:

- Cash payment of $35,000 (paid) within 10 days of the Company's shares being listed on the TSX-V (July 17, 2012); and
- Issuance 20,000 common shares (issued and valued at $40,000).

The Company has the sole and exclusive option to purchase the NSR at a purchase price of $1,000,000 for each percentage point bought back during the five-year period commencing from the date upon which the property is put into commercial production.

On June 29, 2011, the Company entered into an option agreement to earn a 100% interest in mineral claim 831925, which forms part of the Corning Creek Property. Consideration for the option was a cash payment of $5,000 (paid) within 10 days of the Company's share being listed on the TSX-V.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

i) Corning Creek (continued)

The option agreement is subject to a 3% NSR. The Company can acquire the first 2% of the NSR by paying $500,000 for each percentage point bought back. The final 1% can be purchased, for a negotiated amount, after commercial production commences.

During the year ended November 30, 2014, the Corning Creek Property was deemed to be impaired and written down to $1. During the year ended November 30, 2017, the Corning Creek Property was written down to $nil.

j) Flow-through shares

At November 30, 2017, the Company had no remaining commitment to incur exploration expenditures in relation to its flow-through share financing.

PACTON GOLD INC.
(formerly Noka Resources Inc.)
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016
(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

	Tully West	Red Lake	Birch	Lincoln	Duxbury	Columbus	Carpenter Lake	Lodge Pole	Corning Creek	Total
Balance, November 30, 2015	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 128,000**	**$ 416,695**	**$ 714,596**	**$ 1**	**$ 1,259,292**
Property Acquisition Costs										
Acquisition and option payments	-	-	-	245,000	130,000	-	-	-	-	375,000
Claim costs	-	-	-	21,943	-	-	-	-	-	21,943
Total Acquisition Costs	-	-	-	266,943	130,000	-	-	-	-	396,943
Property Exploration Costs										
Geological	-	-	-	15,025	10,000	15,146	-	30,498	-	70,669
Transportation	-	-	-	-	10,448	-	-	-	-	10,448
Total Exploration Costs	-	-	-	15,025	20,448	15,146	-	30,498	-	81,117
Impairment	-	-	-	(181,968)	-	(143,146)	(190,695)	(745,094)	-	(1,260,903)
Balance, November 30, 2016	**-**	**-**	**-**	**100,000**	**150,448**	**-**	**226,000**	**-**	**1**	**476,449**
Property Acquisition Costs										
Acquisition and option payments	142,000	651,000	193,500	-	-	-	-	-	-	986,500
Claim costs	313	-	-	-	-	-	-	-	-	313
Total Acquisition Costs	142,313	651,000	193,500	-	-	-	-	-	-	986,813
Property Exploration Costs										
Assays	15,285	-	-	-	-	-	-	-	-	15,285
Camp and other	-	-	3,000	-	-	-	-	-	-	3,000
Drilling	241,807	-	-	-	-	-	-	-	-	241,807
Geological	106,488	126,813	15,320	-	-	-	-	-	-	248,621
Total Exploration Costs	363,580	126,813	18,320	-	-	-	-	-	-	508,713
Impairment	-	-	(211,820)	-	(150,448)	-	-	-	(1)	(362,269)
Balance, November 30, 2017	**$ 505,893**	**$ 777,813**	**$ -**	**$ 100,000**	**$ -**	**$ -**	**$ 226,000**	**$ -**	**$ -**	**$ 1,609,706**

9. LOAN PAYABLE

At November 30, 2016, the Company had a loan payable of $14,000 due to a shareholder of the Company. The loan was repaid during the year ended November 30, 2017. The loan was unsecured and without interest or stated terms of repayment.

10. CAPITAL STOCK

a) Authorized

Unlimited number of common voting shares without par value

b) Issued

During the year ended November 30, 2017

On December 29, 2016, the Company closed a private placement and issued 4,100,000 flow-through common shares at a price of $0.05 per share for gross proceeds of $205,000. The Company paid cash share issue costs of $2,375.

On January 25, 2017, the Company issued 1,300,000 common shares valued at $117,000 for the Tully West Project (note 8(a)).

On March 23, 2017, the Company issued 392,857 common shares valued at $35,357 of the Company to companies controlled by a current and a former officer of the Company to settle accounts payable of $27,500. The Company recorded a loss on settlement of accounts payable of $7,857.

On March 23, 2017, the Company issued 1,150,000 common shares valued at $103,500 for the Birch Gold Project (note 8(c)).

On April 18, 2017, the Company closed a private placement and issued 7,228,571 common shares at a price of $0.07 per share for gross proceeds of $506,000. The Company issued 28,000 common shares, paid cash share issue costs of $3,290 and paid $14,770 in cash as finder's fees.

On May 23, 2017 and May 29, 2017, the Company issued 4,000,000 common shares valued at $560,000 for the Red Lake Project (note 8(b)).

The Company received $108,550 on the exercise of 1,108,000 stock options. The Company transferred $75,589, the value of the stock options, from the share-based payment reserve to capital stock upon exercise of the options. The average share price was $0.12 when the stock options were exercised.

The Company received $102,720 on the exercise of 428,000 warrants. There was no value of the warrants transferred from the share-based payment reserve to capital stock upon exercise of the warrants.

The Company received $20,630 on the exercise of 171,920 agent warrants. The Company transferred $20,195, the value of the agent warrants, from the share-based payment reserve to capital stock upon exercise of the agent warrants.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

b) Issued (continued)

During the year ended November 30, 2016

On May 26, 2016, the Company closed a private placement for gross proceeds of $700,720. The Company issued 5,839,333 units at a price of $0.12 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.24 for a period of two years from the date of issuance. The Company paid finders' fees of $47,178 and issued 393,147 agent warrants with a value of $46,183 (note 10(d)). Each agent warrant entitles the holder to acquire one common share at a price of $0.12 for a period of two years from the date of issuance. The Company also paid other cash share issue costs of $4,869.

On July 4, 2016, the Company issued 1,500,000 common shares valued at $195,000 for the Lincoln Property (note 8(d)).

On July 5, 2016, the Company issued 1,000,000 common shares valued at $130,000 for the Duxbury Property (note 8(e)).

The Company issued 3,351,000 common shares on the exercise of 3,351,000 stock options, for gross proceeds of $214,730. The Company transferred $110,958, the value of the stock options, from the share-based payment reserve to capital stock upon exercise of the stock options. The average share price was $0.08 when the stock options were exercised.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year Ended November 30, 2017		**Year Ended November 30, 2016**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	5,839,333	$ 0.24	7,094,750	$ 0.48
Issued	-	-	5,839,333	0.24
Exercised	(428,000)	0.24	-	-
Expired	-	-	(7,094,750)	0.48
Outstanding, end of year	5,411,333	$ 0.24	5,839,333	$ 0.24

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**November 30, 2017**
May 26, 2018	0.48	$ 0.24	5,411,333

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

d) Agent warrants

Agent warrant transactions and the number of warrants outstanding are summarized as follows:

	Year Ended November 30, 2017		**Year Ended November 30, 2016**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	393,147	$ 0.12	78,350	$ 1.90
Issued	-	-	393,147	$ 0.12
Exercised	(171,920)	$ 0.12	-	-
Expired	-	-	(78,350)	$ 1.90
Outstanding, end of year	221,227	$ 0.12	393,147	$ 0.12

The following agent warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**November 30, 2017**
May 26, 2018	0.48	$ 0.12	221,227

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. The fair value of each agent warrant grant was calculated using the following weighted average assumptions:

	Year Ended November 30, 2017	**Year Ended November 30, 2016**
Expected life (years)	N/A	2.00
Risk-free interest rate	N/A	0.62%
Annualized volatility	N/A	143%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	$0.16
Exercise price	N/A	$0.12
Weighted average grant date fair value	N/A	$0.12

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the year ended November 30, 2016, the Company transferred $53,329 from the share-based payments reserve to deficit upon the expiry of 78,350 agent warrants.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

e) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Year Ended November 30, 2017		Year Ended November 30, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,539,000	$ 0.10	1,290,000	$ 0.06
Granted	4,700,000	$ 0.12	5,834,000	$ 0.09
Exercised	(1,108,000)	$ 0.10	(3,351,000)	$ 0.06
Expired	(954,000)	$ 0.12	(234,000)	$ 0.08
Cancelled	(800,000)	$ 0.13	-	-
Outstanding, end of year	5,377,000	$ 0.11	3,539,000	$ 0.10

The following stock options were outstanding and exercisable at November 30, 2017:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
March 15, 2018*	0.29	$ 0.085	700,000	700,000
May 29, 2018	0.49	$ 0.13	1,600,000	1,600,000
September 7, 2018	0.77	$ 0.10	1,777,000	1,777,000
November 9, 2018	0.94	$ 0.075	700,000	700,000
November 15, 2018	0.96	$ 0.22	200,000	200,000
July 27, 2019	1.65	$ 0.09	250,000	250,000
November 15, 2019	1.96	$ 0.22	50,000	50,000
November 15, 2020	2.96	$ 0.22	100,000	100,000
	0.75	$ 0.11	5,377,000	5,377,000

* Exercised subsequent to November 30, 2017

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of $300,629 (2016 - $341,127) were recognized during the year ended November 30, 2017.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

e) Stock options (continued)

The fair value of each stock option granted was calculated using the following weighted average assumptions:

	Year Ended November 30, 2017	Year Ended November 30, 2016
Expected life (years)	1.11	1.53
Risk-free interest rate	0.93%	0.57%
Annualized volatility	132%	150%
Dividend yield	N/A	N/A
Stock price at grant date	$ 0.12	$ 0.09
Exercise price	$ 0.12	$ 0.09
Weighted average grant date fair value	$ 0.06	$ 0.06

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the year ended November 30, 2017, the Company transferred $120,891 from the share-based payments reserve to deficit upon the expiry of 954,000 and cancellation of 800,000 stock options granted to consultants.

During the year ended November 30, 2016, the Company transferred $9,837 from the share-based payments reserve to deficit upon the expiry of 234,000 stock options granted to a consultant.

11. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	Year Ended November 30, 2017	Year Ended November 30, 2016
Short-term compensation (professional fees and management fees)	$ 95,250	$ 195,500

During the year ended November 30, 2017, short-term compensation to related parties consisted of $42,750 (2016 - $142,500) in management fees, $52,500 (2016 - $29,000) in professional fees and $nil (2016 - $24,000) in consulting fees.

Transactions with related parties are included in the amounts shown on the statements of financial position and the statements of comprehensive loss as follows:

	Year Ended November 30, 2017	Year Ended November 30, 2016
Related company with a common officer (rent)	$ 9,000	$ -
Director of the company (geological fees)	$ 40,500	$ -
Director of the company (share-based payments)	$ 16,010	$ -

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

As at November 30, 2017, the Company has outstanding amounts payable to current and former officers and directors of the Company of $61,375 (2016 - $71,388) for outstanding fees and expenses. The amounts payable are non-interest-bearing, uncollateralized and are repayable on demand.

As at November 30, 2017, the Company had payables of $9,585 (2016 - $12,779) related to shared administrative expenses with a company related by common officers and directors.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	November 30, 2017	November 30, 2016
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Exploration and evaluation expenditures in accounts payable (opening)	$ 15,608	$ 16,917
Exploration and evaluation expenditures in accounts payable (closing)	$ 393,730	$ 15,608
Shares issued for settlement of accounts payable and accrued liabilities	$ 35,357	$ -
Fair value of shares issued for exploration and evaluation assets	$ 780,500	$ 325,000
Fair value of stock options exercised	$ 75,589	$ 110,958
Fair value of stock options expired	$ 65,871	$ 9,837
Fair value of stock options cancelled	$ 55,020	$ -
Fair value of warrants expired	$ -	$ 53,329
Fair value of agent warrants granted	$ -	$ 46,183
Fair value of agent warrants exercised	$ 20,195	$ -

13. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. The Company's reportable segments are summarized as follows:

Geographical segment

Non-current assets	Canada	USA	Total
November 30, 2017	$ 1,514,021	$ 100,000	$ 1,614,021
November 30, 2016	$ 381,843	$ 100,000	$ 481,843

(Expressed in Canadian Dollars)

14. INCOME TAXES

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

	November 30, 2017	November 30, 2016
Loss for the year before income taxes	$ (1,649,668)	$ (2,235,023)
Statutory income tax rate	26.00%	26.00%
Income tax benefit computed at statutory tax rate	(428,914)	(581,106)
Change in income tax rate	(87,978)	-
Items not deductible for income tax purposes	78,164	91,052
Unrecognized benefit of deferred income tax assets	438,728	490,054
Deferred income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred income tax assets and deferred income tax liabilities at November 30, 2017 and 2016 are presented below:

	November 30, 2017	November 30, 2016
Non-capital losses carried forward	$ 1,315,000	$ 991,000
Capital losses carried forward	8,000	8,000
Equipment	1,000	1,000
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	982,000	905,000
Share issue costs	20,000	32,000
	2,326,000	1,937,000
Unrecognized deferred income tax assets	(2,326,000)	(1,937,000)
Net deferred income tax assets	$ -	$ -

The Company has non-capital losses of $4,871,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2031	$ 16,000
2032	375,000
2033	785,000
2034	848,000
2035	1,024,000
2036	724,000
2037	1,099,000
	$ 4,871,000

15. SUBSEQUENT EVENTS

a) On January 25, 2018, the Company issued 1,300,000 common shares as part of the option agreement on the Tully West Gold Property (note 8(a)).

b) On February 26, 2018, the Company announced it has entered into a Letter of Intent ("LOI") to acquire 100% of the issued and outstanding shares of CTTR Gold Pty Ltd. ("CTTR"), an Australian proprietary limited company. CTTR holds applications to nine tenement licenses for a mineral property group in the Pilbara Region of Western Australia.

   Under the terms of the LOI, Pacton can acquire 100% of the issued and outstanding shares of CTTR by:
   - Paying a $25,000 non-refundable deposit (paid);
   - Paying $75,000 and issuing 916,666 common shares of the Company and 458,333 share purchase warrants, each warrant exercisable into one additional common share of the Company for a period of 18 months from the date of issue at a price of $0.45, upon acceptance of the transaction by the TSX-V; and
   - Paying $50,000 and issuing 416,666 common shares of the Company and 208,333 share purchase warrants, each warrant exercisable into one additional common share of the Company for a period of 18 months from the date of issue at a price to be determined at the date of grant, upon the grant of at least six exploration licenses.

   A finder's fee will be payable in respect of the transaction.

   At March 23, 2018, approval of the transaction from the TSX-V was pending.

c) On March 21, 2018 the Company settled accounts payable of $550,000 by issuing 1,833,333 common shares of the Company.

d) Subsequent to November 30, 2017, the Company received $81,400 on the exercise of 919,000 stock options, $13,509 on the exercise of 112,574 agent warrants and $300,000 on the exercise of 1,250,000 warrants.