HIGHWAY 50 GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED

MARCH 31, 2018 AND 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HIGHWAY 50 GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – PREPARED BY MANAGEMENT)
EXPRESSED IN CANADIAN DOLLARS
AS AT

	March 31, 2018	December 31, 2017
ASSETS		
Current		
Cash (Note 4)	$ 35,330	$ 68,481
Receivables (Note 5)	34,790	51,638
Prepaid expenses (Note 6)	14,501	1,555
	84,621	121,674
Equipment (Note 9)	14,873	12,235
Reclamation bonds (Note 7)	113,734	110,774
Exploration and evaluation assets (Note 8)	3,843,053	3,772,130
	$ 4,056,281	$ 4,016,813
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 29,628	$ 10,974
Flow-through share premium liability (Note 11)	1,057	7,409
Loans payable (Note 13)	60,000	-
Due to related parties (Note 13)	209,300	147,000
	299,985	165,383
Shareholders' equity		
Capital stock (Note 12)	6,908,159	6,908,159
Share compensation reserve (Note 12)	1,217,959	1,217,959
Deficit	(4,369,822)	(4,274,688)
	3,756,296	3,851,430
	$ 4,056,281	$ 4,016,813

Nature and continuance of operations (Note 1)
Basis of preparation (Note 2)
Subsequent events (Note 17)

On behalf of the Board:

"Gordon P. Leask" Director "Megan Cameron-Jones" Director

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

EXPRESSED IN CANADIAN DOLLARS

	Three months ended March 31, 2018	Three months ended March 31, 2017
EXPENSES		
Accounting and audit (Note 13)	$ 10,725	$ 12,300
Amortization (Note 9)	920	1,156
Bank charges and interest	342	489
Consulting fees (Note 13)	60,000	70,000
Investor relations and shareholder information	230	421
Legal	244	466
Office and administration (Note 13)	10,130	15,460
Rent	13,866	13,322
Transfer agent and listing fees	7,481	9,105
	(103,938)	(122,719)
Finance income	213	1,080
Settlement of flow-through premium liability	6,352	-
Gain (loss) on foreign exchange	2,239	(8,726)
Net loss and comprehensive loss for the period	$ (95,134)	$ (130,365)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding, basic and diluted	30,282,570	28,446,626

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

HIGHWAY 50 GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED – PREPARED BY MANAGEMENT)
EXPRESSED IN CANADIAN DOLLARS
FOR THE THREE MONTHS ENDED MARCH 31

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (95,134)	$ (130,365)
Items not affecting cash:		
Amortization	920	1,156
Settlement of flow-through premium liability	(6,352)	-
Foreign exchange	(2,960)	1,261
Change in non-cash working capital items:		
Receivables	16,848	(15,384)
Prepaid expenses	(12,946)	1,903
Accounts payable and accrued liabilities	18,768	(5,187)
Due to related parties	62,300	-
Net cash used in operating activities	(18,556)	(146,616)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(3,558)	-
Exploration and evaluation assets	(71,037)	(62,796)
Net cash used in investing activities	(74,595)	(62,796)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	60,000	-
Issuance of common shares for cash	-	367,000
Share issue costs	-	(9,983)
Net cash provided by financing activities	60,000	357,017
Change in cash for the period	(33,151)	147,605
Cash, beginning of period	68,481	395,344
Cash, end of period	$ 35,330	$ 542,949

Supplemental disclosure with respect to cash flows (Note 14)

EXPRESSED IN CANADIAN DOLLARS

	Number of Shares		Capital Stock		Share Compensation Reserve		Deficit		Total
Balance, December 31, 2016	27,447,570	$	6,067,754	$	1,190,230	$	(3,820,364)	$	3,437,620
Private placement	1,835,000		367,000		-		-		367,000
Share issue costs	-		(9,983)		-		-		(9,983)
Net loss for the period	-		-		-		(130,365)		(130,365)
Balance, March 31, 2017	29,282,570	$	6,424,771	$	1,190,230	$	(3,950,729)	$	3,664,272
Balance, December 31, 2017	30,282,570	$	6,908,159	$	1,217,959	$	(4,274,688)	$	3,851,430
Net loss for the period	-		-		-		(95,134)		(95,134)
Balance, March 31, 2018	30,282,570	$	6,908,159	$	1,217,959	$	(4,369,822)	$	3,756,296

1. NATURE AND CONTINUANCE OF OPERATIONS

Highway 50 Gold Corp. (the "Company") is a Canadian company incorporated in British Columbia. The Company's activities have focused on exploration and evaluation assets located in British Columbia and Nevada, USA. The Company's registered and records office is at Suite 910, 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's head office is at Suite 2300, 1177 West Hastings Street, Vancouver, BC, V6E 2K3. The common shares of the Company are listed on the TSX Venture Exchange and trade under the symbol "HWY".

At the date of these condensed interim consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at March 31, 2018, the Company had working capital deficiency of $215,364 and an accumulated deficit of $4,369,822. These items may cast a significant doubt on the Company's ability to continue as a going concern. The condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

These condensed interim consolidated financial statements were authorized by the board of directors of the Company on May 28, 2018.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The significant accounting policies applied in these condensed interim consolidated financial statements are based on the IFRS issued and outstanding as of March 31, 2018.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at December 31, 2017. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

2. BASIS OF PREPARATION (cont'd…)

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. That of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 13). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the entities within 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 entities' 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 entity that are denominated in foreign currencies are translated at the rate of exchange at the condensed interim consolidated statement of financial position 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 the condensed interim consolidated statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards Issued But Not Yet Effective

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its condensed interim consolidated financial statements, or whether to early adopt this new requirement.

EXPRESSED IN CANADIAN DOLLARS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Accounting Standards Adopted during the period

IFRS 9 – Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 on January 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on January 1, 2018 and did not have an impact on the condensed interim consolidated financial statements.

4. CASH

	March 31, 2018	December 31, 2017
Cash on deposit	$ 35,330	$ 68,481

5. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST") receivable from Canadian government taxation authorities and advances receivable from third parties. These are broken down as follows:

	March 31, 2018	December 31, 2017
GST receivable	$ 34,136	$ 26,464
Advances receivable	654	25,174
	$ 34,790	$ 51,638

6. PREPAID EXPENSES

The prepaid expenses for the Company are broken down as follows:

	March 31, 2018	December 31, 2017
Insurance pre-payment	$ 14,501	$ 1,555

EXPRESSED IN CANADIAN DOLLARS

7. RECLAMATION BONDS

The Company is required to post bonds with the Bureau of Land Management ("BLM") as security towards future site restoration work and will be released to the Company upon satisfactory completion of that work. The bonds posted relate to the Golden Brew, Porter Canyon, and other Nevada properties (Note 8).

8. EXPLORATION AND EVALUATION ASSETS

	Porter Canyon, Nevada, USA	Golden Brew, Nevada, USA	Monroe, BC, Canada	Other, Nevada, USA	Total
Balance, December 31, 2016	$ 1,461,180	$ 1,043,073	$ 258,127	$ 122,342	$ 2,884,722
Additions:					
Field operations	-	-	75,667	11,250	86,917
Assays	-	-	67	-	67
Geology	(360)	-	6,500	-	6,140
Drilling	(4,843)	(347)	752,711	-	747,521
Roads and site preparation	-	-	12,000	-	12,000
Property payments	14,920	-	-	51,314	66,234
Exploration tax credit	-	-	(31,471)	-	(31,471)
Balance, December 31, 2017	$ 1,470,897	$ 1,042,726	$ 1,073,601	$ 184,906	$ 3,772,130
Additions:					
Field operations	-	-	6,335	-	6,335
Drilling	-	-	64,588	-	64,588
Balance, March 31, 2018	$ 1,470,897	$ 1,042,726	$ 1,144,524	$ 184,906	$ 3,843,053

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in the United States and Canada.

Golden Brew Property, Battle Mountain Mining District, Nevada

During the year ended December 31, 2010, the Company executed a mining lease agreement with Genesis Gold Corporation ("Genesis") on the Golden Brew claims ("Golden Brew Claims") located in Nevada, USA (the "Genesis Agreement"). The terms of the Genesis Agreement include an initial payment to Genesis of US$10,000 and subsequent escalating annual lease payments. The Company has an option to acquire a 100% interest in the Golden Brew Claims for the purchase price of US$2,000,000, subject to a 2% net smelter returns royalty. All lease payments will be applied to the purchase price. The royalty will be reduced to 1% of net smelter returns at such time as the Company has paid US$4,000,000 to Genesis in royalty payments. The Company negotiated an amendment to the Genesis Agreement whereby the lease payment of US$10,000 due January 5, 2017 was reduced to US$5,000 plus another US$5,000 upon mobilization of a drilling rig to the property. During the period ended March 31, 2018, the Company amended the January 5, 2018 annual lease payment from US$50,000 to US$30,000.

EXPRESSED IN CANADIAN DOLLARS

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

To maintain the mining lease agreement, the Company must make the following lease payments:

	Annual Lease Payments
On January 5, 2010 (paid)	US$10,000
On or before January 5, 2011 (paid)	15,000
On or before January 5, 2012 (paid)	25,000
On or before January 5, 2013 (paid)	35,000
On or before January 5, 2014 (paid by Regulus)	20,000
On or before January 5, 2015 (paid by Regulus)	20,000
On or before January 5, 2016 (paid by Regulus)	10,000
On or before January 5, 2017 (paid by Regulus)	5,000
Upon the mobilization of a drill rig to the property (paid by Regulus)	5,000
On or before January 5, 2018 (paid by Regulus)	30,000
On or before January 5, 2019	50,000
On or before January 5, 2020 to January 5, 2025	75,000

In 2014, the Company entered into a definitive Option Agreement with Regulus Resources Inc. ("Regulus"), whereby Regulus may acquire a 50% option in the Golden Brew Property (the "Option"). In order to exercise the Option, Regulus must, among other things, spend US$5,000,000 on exploration expenditures on the project over 5 years, and assume the underlying third party lease payments to Genesis and claim holding costs. Exploration expenditures of US$500,000 in the first year is a firm commitment subject to a Force Majeure situation. Upon earn-in the parties will form a joint venture on a 50/50 basis. Regulus and the Company are related parties with common directors.

During the year ended December 31, 2016, Regulus invoked the Force Majeure clause with respect to Regulus' obligation to complete exploration expenditures totalling US$500,000 in Year 1 (the "Firm Commitment") as a result of unavoidable drilling permitting delays on the property. The drilling permit process was completed in August 2017 and the Firm Commitment was fulfilled.

Porter Canyon Property, Lander County, Nevada

During the year ended December 31, 2011, the Company acquired the Porter Canyon claims by staking.

Other, Nevada

The property consists of claims acquired by staking in Nevada. The Company has no material commitments on this property group aside from annual claim payments.

Monroe Property, Fort Steele Mining Division, British Columbia

During the year ended December 31, 2016, the Company executed an option agreement to earn an undivided 50% interest in the 1,282 hectare Monroe property (the "Property") located in the Fort Steele Mining Division, southeast British Columbia. In order to exercise the option (the "Option"), the Company has made a firm commitment to spend an initial $100,000 in exploration expenditures on the Property in the first year (commitment met as at December 31, 2016), followed by additional annual optional exploration expenditures totalling $2.9 million over the next four years. The Company will be the operator on the Property during the course of the Option. The owners of the Monroe property are an officer and directors of the Company (Note 13).

EXPRESSED IN CANADIAN DOLLARS

9. EQUIPMENT

		Vehicles		Office Furnishings		Total
Cost						
Balance, December 31, 2016 and December 31, 2017	$	30,062	$	7,939	$	38,001
Additions		-		3,558		3,558
Balance, March 31, 2018	$	30,062	$	11,497	$	41,559
Accumulated amortization						
Balance, December 31, 2016	$	17,541	$	3,602	$	21,143
Amortization		3,755		868		4,623
Balance, December 31, 2017	$	21,296	$	4,470	$	25,766
Amortization		657		263		920
Balance, March 31, 2018	$	21,953	$	4,733	$	26,686
Carrying amounts						
As at December 31, 2017	$	8,766	$	3,469	$	12,235
As at March 31, 2018	$	8,109	$	6,764	$	14,873

10. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities for the Company are broken down as follows:

		March 31, 2018		December 31, 2017
Trade payables	$	29,628	$	10,974

All payables and accrued liabilities for the Company fall due within the next 12 months.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

		Issued in May 2017		Total
Balance at December 31, 2016	$	-	$	-
Liability incurred on flow-through shares issued		50,000		50,000
Settlement of flow-through share premium liability on expenditures incurred		(42,591)		(42,591)
Balance at December 31, 2017	$	7,409	$	7,409
Settlement of flow-through share premium liability on expenditures incurred		(6,352)		(6,352)
Balance at March 31, 2018	$	1,057	$	1,057

During the year ended December 31, 2017, the Company issued flow-through shares and estimated the value of the flow-through premium associated with those shares to be $50,000 (2016 - $Nil). As at March 31, 2018, the Company must spend another $11,626 to satisfy its flow-through obligations.

EXPRESSED IN CANADIAN DOLLARS

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

Authorized

Unlimited number of common shares without par value. All issued shares are fully paid.

During the year ended December 31, 2017, the Company:

a) Closed a non-brokered private placement of 1,835,000 flow-through common shares of the Company at a price of $0.20 per share for gross proceeds of $367,000. Share issuance costs of $9,983 were paid in relation to the private placement. The premium received on the flow-through shares issued was determined to be $Nil.

b) Closed a non-brokered private placement of 1,000,000 units at a price of $0.55 per unit for gross proceeds of $550,000. Each unit consists of one flow-through common share and one non-flow-through common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one non-flow-through common share at a purchase price of $0.60 per share for a period of one year from the date of the closing. The Company paid $16,612 of share issuance costs and recorded a premium received on flow-through shares of $50,000 in relation to the private placement.

Stock options

Under the Company's rolling stock option plan dated June 2, 2005, the Company may grant options, with a maximum term of five years, for up to 10% of the Company's issued and outstanding common shares, to directors, employees and consultants at exercise prices to be determined by the market value on the date of grant. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted with the exception of options granted in relation to investor relations. Options granted to consultants engaged in investor relations activities must vest no earlier than as to one-quarter upon the grant date and as to a further one-quarter after each of the following three four-month periods.

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

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2016	2,025,000	$ 0.38
Options granted	75,000	0.53
Balance, December 31, 2017 and March 31, 2018	2,100,000	$ 0.38

At March 31, 2018, the following incentive stock options were outstanding to directors, officers and employees:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable
75,000	$ 0.53	May 2, 2019	75,000
500,000	0.41	October 14, 2019	500,000
1,175,000	0.40	February 3, 2020	1,175,000
350,000	0.25	May 6, 2021	350,000
2,100,000			2,100,000

EXPRESSED IN CANADIAN DOLLARS

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd…)

The weighted average remaining life of the stock options is 1.96 years.

Stock-based compensation

The Company recognizes compensation expense for all stock options and warrants granted using the fair value-based method of accounting. During the period ended March 31, 2018, the Company recognized $Nil (2017 - $Nil) in stock-based compensation expense with respect to options vested during the period. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the periods ended March 31, 2018 and 2017:

	2018	2017
Expected forfeiture rate	-	-
Risk-free interest rate	-	-
Expected life of options	-	-
Annualized volatility	-	-
Dividend	-	-
Weighted average fair value per option	-	-

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	7,027,025	$ 0.60
Warrants issued	1,000,000	0.60
Balance, December 31, 2017	8,027,025	$ 0.60
Warrants expired	(7,027,025)	0.60
Balance, March 31, 2018	1,000,000	$ 0.60

At March 31, 2018, the following share purchase warrants were issued and outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,000,000	$ 0.60	May 10, 2018*
1,000,000		

* The expiry date was subsequently extended to May 10, 2019

13. RELATED PARTY TRANSACTIONS

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Highway 50 Gold (US) Inc.	Nevada, USA	100%	Mineral exploration

EXPRESSED IN CANADIAN DOLLARS

13. RELATED PARTY TRANSACTIONS (cont'd…)

All transactions with related parties are in the normal course of operations and are measured at their fair value as determined by management.

During the period ended March 31, 2018, the Company entered into the following transactions with related parties:

a) Eagle Putt Ventures Inc. ("Eagle Putt") is a private company controlled by Mr. Gordon P. Leask, a director and officer of the Company. For the three months ended March 31, 2018, Eagle Putt charged $30,000 (2017 - $30,000) which are classified as consulting fees in the condensed interim consolidated statements of loss and comprehensive loss. At March 31, 2018, the Company owed $101,500 (December 31, 2017 - $73,500) to Eagle Putt. During the year ended December 31, 2016, the Company entered into an agreement with Eagle Putt, as disclosed in Note 8. During the period ended March 31, 2018, the Company received a loan of $30,000 from Eagle Putt. The loan is unsecured, bears no interest, and has no term of repayment. Subsequent to the period ended March 31, 2018, the Company repaid the loan of $30,000 to Eagle Putt.

b) Rangefront Exploration Corp. ("Rangefront") is a private company controlled by Mr. John M. Leask, a director to the Company. For the three months ended March 31, 2018, Rangefront charged $30,000 (2017 - $30,000) which are classified as consulting fees in the condensed interim consolidated statements of loss and comprehensive loss. At March 31, 2018, the Company owed $101,500 (December 31, 2017 - $73,500) to Rangefront. During the period ended March 31, 2018, the Company received a loan of $30,000 from Rangefront. The loan is unsecured, bears no interest, and has no term of repayment. Subsequent to the period ended March 31, 2018, the Company repaid the loan of $30,000 to Rangefront.

c) Megan Cameron-Jones is a director and former officer of the Company. For the three months ended March 31, 2018, Megan Cameron-Jones charged $Nil (2017 – $10,000) for management services and are classified as consulting fees in the condensed interim consolidated statements of loss and comprehensive loss. At March 31, 2018, the Company owed $Nil (December 31, 2017 - $Nil) to Megan Cameron-Jones.

d) Cross Davis & Co. LLP ("Cross Davis") is an accounting firm of which Scott Davis, an officer of the Company is a partner. For the three months ended March 31, 2018, Cross Davis charged $9,000 (2017 - $9,000) which are classified as accounting fees in the condensed interim consolidated statements of loss and comprehensive loss. At March 31, 2018, the Company owed $6,300 (December 31, 2017 - $Nil) to Cross Davis.

Amounts payable to related parties have no specific terms of repayment, are unsecured, and have no interest rate.

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2018 and 2017 are as follows:

	Other Payments	Share-based Benefits	Total
March 31, 2018			
Chief Executive Officer	$ 30,000	$ -	$ 30,000
Chief Financial Officer	9,000	-	9,000
Executive directors	30,000	-	30,000
	$ 69,000	$ -	$ 69,000
March 31, 2017			
Chief Executive Officer	$ 30,000	$ -	$ 30,000
Chief Financial Officer	9,000	-	9,000
Executive directors	40,000	-	40,000
	$ 79,000	$ -	$ 79,000

EXPRESSED IN CANADIAN DOLLARS

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the period ended March 31, 2018, there was $500 included in exploration and evaluation assets which relates to accounts payable and accrued liabilities.

During the period ended March 31, 2017, there was $158,413 included in exploration and evaluation assets which relates to accounts payable and accrued liabilities.

For the three months ended March 31		2018		2017
Cash paid for income taxes	$	-	$	-
Cash paid for interest	$	-	$	-

15. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of exploration and evaluation assets in North America. Geographical information is as follows:

		Total Assets		Equipment		Exploration and Evaluation Assets		Reclamation Bonds		Other Assets
March 31, 2018										
Canada	$	1,235,909	$	6,764	$	1,144,524	$	-	$	84,621
United States		2,820,372		8,109		2,698,529		113,734		-
	$	4,056,281	$	14,873	$	3,843,053	$	113,734	$	84,621
December 31, 2017										
Canada	$	1,198,744	$	3,469	$	1,073,601	$	-	$	121,674
United States		2,818,069		8,766		2,698,529		110,774		-
	$	4,016,813	$	12,235	$	3,772,130	$	110,774	$	121,674

16. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

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

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying value, which are the amounts on the consolidated statements of financial position. The Company's other financial instrument, cash, under the fair value hierarchy, is based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institutions in interest bearing accounts. The Company has no investment in asset backed commercial paper.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

The Company's receivables consist mainly of tax credits due from the government of Canada and advances receivable from third parties. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. As at March 31, 2018, the Company had a cash balance of $35,330 to settle current liabilities of $299,985.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in United States dollars ("US$"). A 10% fluctuation in the US$ against the Canadian dollar would affect net comprehensive loss for the period by approximately $1,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

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 exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

17. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2018, the Company:

a) Closed a non-brokered private placement of 1,200,000 units at a price of $0.25 per unit for gross proceeds of $300,000. Each unit consists of one flow-through common share and one-half of one non-flow-through common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one non-flow-through common share at a purchase price of $0.30 per share until May 4, 2019.

b) Closed a non-brokered private placement of 1,750,000 units at a price of $0.20 per unit for gross proceeds of $350,000. Each unit consists of one non-flow-through common share and one non-flow-through common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one non-flow-through common share at a purchase price of $0.25 per share until May 4, 2020.

c) Granted 1,100,000 incentive stock options at $0.25 for a five year period to directors and officers of the Company.