# FireFox Gold Corp.

## (formerly Silverstone Resources Corp.)

## Condensed Interim Consolidated Financial Statements

### For the three months ended March 31, 2018

### (Expressed in Canadian dollars)

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 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 Company's independent auditors have not performed an audit or review of these condensed consolidated interim financial statements.

The accompanying condensed interim consolidated financial statements of FireFox Gold Corp. are the responsibility of the Company's management and are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the financial statements prior to their submission to the Board of Directors for approval.

*"Carl Löfberg"*

Carl Löfberg
Chief Executive Officer

*"Andrew MacRitchie"*

Andrew MacRitchie
Chief Financial Officer

Vancouver, British Columbia
May 30, 2018

# FireFox Gold Corp. (formerly Silverstone Resources Corp.)

## Condensed Interim Consolidated Statement of Financial Position

## As at March 31, 2018

(Expressed in Canadian Dollars)

| | Note | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash and cash equivalents | | $ | 326,820 | $ | 646,995 |
| Receivables | | | 2,965 | | 4,079 |
| Prepaid expenses | | | 14,315 | | 9,462 |
| | | | 344,100 | | 660,536 |
| Mineral properties | 4 | | 167,124 | | 600 |
| | | $ | 511,224 | $ | 661,136 |
| **LIABILITIES** | | | | | |
| **Current** | | | | | |
| Accounts payable | | $ | 86,118 | $ | 18,153 |
| Due to related parties | | | 224,065 | | 21,417 |
| Accrued liabilities | | | 11,779 | | 6,500 |
| | | | 321,962 | | 46,070 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Capital stock | 5 | | 1,589,890 | | 1,469,890 |
| Reserves | | | 29,699 | | 14,850 |
| Deficit | | | (1,430,327) | | (869,674) |
| | | | 189,262 | | 615,066 |
| | | $ | 511,224 | $ | 661,136 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 8)

These financial statements were approved for issue by the Board of Directors on May 30, 2018 and are signed on its behalf by:

*"Carl Löfberg"*, **Director** *"Patrick Highsmith"*, **Director**

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

# FireFox Gold Corp. (formerly Silverstone Resources Corp.)

## Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

## Three months ended March 31, 2018

(Expressed in Canadian Dollars)

| | $ |
|---|---|
| **Expenses** | |
| Mineral property exploration costs | 396,258 |
| Audit and tax compliance | 3,500 |
| Filing and listing fees | 3,543 |
| Legal | 19,926 |
| Office costs | 8,384 |
| Personnel | 80,142 |
| Regulatory fees | 1,779 |
| Share based payments | 9,089 |
| Shareholder communications | 38,032 |
| Net loss and comprehensive loss | (560,653) |
| Basic and diluted loss per share | (0.03) |
| Weighted average number of shares outstanding | 20,314,935 |

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

## FireFox Gold Corp. (formerly Silverstone Resources Corp.)
### Condensed Interim Consolidated Statement of Changes in Equity
### Three months ended March 31, 2018
(Expressed in Canadian Dollars)

| | Share capital | | | | |
|---|---|---|---|---|---|
| | Number of shares | Amount | Contributed Surplus | Deficit | Shareholders' equity |
| | | $ | $ | $ | $ |
| **Balance at December 31, 2018** | 20,048,268 | 1,469,890 | 14,850 | (869,674) | 615,066 |
| Common shares issued for mineral property | 400,000 | 120,000 | - | - | 120,000 |
| Share-based compensation | - | - | 14,849 | - | 14,849 |
| Net loss and comprehensive loss for the period | - | - | - | (560,653) | (560,653) |
| **Balance at March 31, 2018** | 20,448,268 | 1,589,890 | 29,699 | (1,430,327) | 189,262 |

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

# FireFox Gold Corp. (formerly Silverstone Resources Corp.)

## Condensed Interim Consolidated Statement of Cash Flows

## Three months ended March 31, 2018

(Expressed in Canadian Dollars)

| | $ |
|---|---|
| **Cash flows used in operating activities** | |
| Loss for the period | (560,653) |
| Non-cash items | |
| Share based payments | 14,849 |
| Changes in non-cash working capital: | |
| Accounts receivable | 1,113 |
| Prepaid expenses | (4,853) |
| Accounts payable | 67,965 |
| Due to related parties | 202,648 |
| Accrued liabilities | 5,279 |
| | (273,651) |
| **Cash flows used in investing activities** | |
| Mineral property acquisition (Note 4(b)) | (46,524) |
| **Decrease in cash during the period** | (320,175) |
| **Cash at beginning of the period** | 646,995 |
| **Decrease in cash during the period** | 326,820 |

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

| Non-cash transactions and other supplemental disclosures: | | |
|---|---|---|
| Issuance of shares under mineral property option (Note 4(b)) | $ | 120,000 |
| Interest paid | $ | - |
| Income taxes paid | $ | - |

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

## 1. Nature of operations and going concern

FireFox Gold Corp. (the "Company" or "FireFox") was incorporated under the *Business Corporations Act* (British Columbia) on June 16, 2017 under the name Silverstone Resources Corp. The Company's name was changed to FireFox Gold Corp. on August 23, 2017. The Company's registered place of business is located at 650 - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, Canada.

The Company is in the start-up phase, and its primary activity is exploring for economic gold mineralization in Finland.

The condensed interim consolidated financial statements were prepared on a going concern basis under the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has limited cash resources, has incurred significant operating losses and negative cash flows from operations in the period, and will require additional financing in order to continue operations. While the Company has been successful in obtaining funding in the past, through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. 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.

## 2. Summary of significant accounting policies

**Basis of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2017, with the adoption of updated policies described later in Note 2. The disclosures which follow do not include all disclosures required for the annual financial statements.

**Basis of measurement**

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**2. Summary of significant accounting policies** - continued

**Principles of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, FireFox Gold Oy, incorporated in Finland.

**Significant accounting estimates and judgments**

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses and recoveries during the reporting periods. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

**New standards, amendments and interpretations**

The following new standards, and amendments to standards and interpretations, were not yet effective and have not been applied in preparing these condensed interim consolidated financial statements.

**Accounting standards issued and effective January 1, 2019**

*IFRS 16 Leases*

A finalized version of IFRS 16 *Leases* replaces IAS 17 *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The Company is in the process of determining the impact of IFRS 16 on its financial statements.

**Accounting standards issued and effective January 1, 2018**

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the three-month period ended March 31, 2018:

*IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. As the Company has no debt instruments measured at fair value, this change had no impact on the financial statements.

*IFRS 15 Revenue from Contracts with Customers*
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

*IFRS 9 Financial Instruments*
A finalized version of IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This change had no impact on the financial statements.

## 3. Risk management and financial instruments

**Categories of financial assets and financial liabilities**

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash is classified as fair value through profit or loss ("FVTPL"); accounts receivable are classified as loans and receivables; and accounts payable, due to related parties, and accrued liabilities as other financial liabilities. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**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's cash and accounts receivable are exposed to credit risk. Management believes that credit risk with respect to cash is minimal as it is held with major financial institutions. The Company manages credit risk, in respect of accounts receivable, by monitoring the age of receivables and pursuing those that are not due from government. Management believes that credit risk with respect to receivables is minimal, as the majority consists of amounts due from Canadian governmental agencies.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at March 31, 2018, the Company is not exposed to significant market risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2018.

## 4. Mineral properties

(a) **Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects:**

On August 1, 2017 FireFox announced an agreement with Magnus Minerals Ltd. ("Magnus"), a company incorporated under the laws of Finland, whereby Magnus granted FireFox an exclusive right and option to earn and acquire a 100% interest in each of the Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects (the "Projects"), which are located in Finland and currently owned by Magnus (the "Option").

**4. Mineral properties (continued)**

Pursuant to the Option Agreement, FireFox is required to:

(i) issue 6,000,000 common shares to Magnus (issued, Note 4(b));
(ii) incur $2.5 million in exploration expenditures on the Projects as follows:
  a. $300,000 by August 31, 2018 (fully spent as at December 31, 2017);
  b. an additional $600,000 by August 31, 2019 (fully spent at March 31, 2018); and
  c. an additional $1,600,000 by August 31, 2020 ($62,000 spent at March 31, 2018);
(iii) grant Magnus a 1.5% net smelter return royalty ("NSR"), which may be reduced to 1% by the payment to Magnus of 1,000 troy ounces of gold within 90 days of publishing a positive feasibility study; and
(iv) make an aggregate amount of $250,000 in cash payments to Magnus as follows:
  a. $30,000 by August 31, 2018;
  b. $60,000 by August 31, 2019; and
  c. $160,000 by August 31, 2020.

The Option Agreement also provides that if FireFox exercises the Option, FireFox will be obligated to pay Magnus an additional payment, equal to the value of 1,000 troy ounces of gold, within 12 months of the commencement of commercial production. Pursuant to the Option Agreement, Magnus has agreed to provide mineral exploration services to FireFox. At any time, FireFox may elect to stop making payments under the Option Agreement, which would result in the termination of the Option Agreement. Upon termination of the Option Agreement, FireFox would forego all of its rights to the Projects and any payments (including the issuance of shares) already made to Magnus or expended on the Projects. Magnus is a related party (Note 6).

(b) **Mustajärvi project:**

FireFox will pay a total of €30,000 (paid at March 31, 2018) and issue 400,000 common shares (issued at March 31, 2018) to a Finnish junior exploration company, Aurora Exploration Ltd. ("Aurora"), in order to acquire a 100% interest in the Mustajärvi Project. Aurora retains a 1% Net Smelter Royalty ("NSR") on all metals sold from the Mustajärvi Project, 50% of which can be repurchased by Firefox for US $500,000. The repurchase right is exercisable at any point within 180 days of the Company's receipt of a positive feasibility study for the Mustajärvi Project.

**5. Share capital**

(a) **Authorized**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

(b) **Equity financings**

On incorporation, the Company issued 7,113,010 for cash of $71. This share figure was reduced by 1,579 shares through the plan of arrangement.

On August 1, 2017, the Company issued 6,000,000 shares to Magnus Minerals Ltd. (Note 3(a) & Note 6) in exchange for an option to earn a 100% interest in each of the Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects, which are located in Finland.

In September, October, and November 2017, the Company issued 6,936,837 shares at various prices in exchange for gross cash proceeds of $1,481,251, less share issuance costs of $12,032 (Note 6).

On February 1, 2018, 400,000 shares valued at $120,000 were issued to Aurora as part of the agreement to acquire a 100% interest in the Mustajärvi Project (see Note 4(b)).

(Expressed in Canadian dollars)

(c) **Share option plan**

The Company has implemented an incentive share option plan (the "plan") which is subject to approval by the shareholders at the next general meeting. Under the plan, the Company may issue options to purchase common shares, at prices determined by the Board of Directors on the date of award, for periods of not more than five years. Share options awarded under the plan vest immediately upon plan-approval at the next general meeting. Subsequent to plan-approval, options awarded will vest immediately upon issue unless vesting is modified by the Board of Directors at the time of grant. The total number of common shares that may be reserved for issue under the share option plan is limited to 10% of the number of issued common shares.

The Company uses the Black-Scholes option pricing model in order to calculate a value for share options issued to employees. The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option pricing models require the use of estimates and assumptions, including expected volatility rates. The Company uses expected volatility rates which are based upon historical experience and or market comparables. Changes in the underlying assumptions used on the Black-Scholes option pricing model could materially affect the fair value estimates.

Share options transactions during the period ended March 31, 2017 are as follows:

| | Number of shares | Weighted average exercise price $ |
|---|---|---|
| Outstanding, June 16, 2017 | - | - |
| Awarded | 1,495,000 | 0.10 |
| Forfeited | - | - |
| Expired | - | - |
| Outstanding, December 31, 2017 | 1,495,000 | 0.10 |
| Awarded | 250,000 | 0.30 |
| Outstanding, March 31, 2018 | 1,745,000 | 0.13 |

The following is a summary of share options outstanding and exercisable at December 31, 2017:

| Expiry date | Number of options | Exercise price $ |
|---|---|---|
| October 2022 | 1,495,000 | 0.10 |
| January 23, 2023 | 250,000 | 0.30 |

(Expressed in Canadian dollars)

**5. Share capital** – continued

(c) **Share option plan** - continued

The fair value of stock options awarded during 2017 was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

| | **2018** | **2017** |
|---|---|---|
| Risk-free interest rate | 1.89% | 1.75% |
| Expected volatility | 120% | 187.36% |
| Expected lives | 5 years | 5 years |
| Estimated forfeiture rate | - | - |

The average fair value of stock options awarded during the period ended March 31, 2018 was $ 0.03. (December 31, 2017 - $ 0.04).

**6. Related party disclosures**

Key management compensation:

Key management personnel are the directors and officers of the Company. The remuneration of key management personnel during the period was as follows:

| | | **Period ended March 31, 2018** |
|---|---|---|
| Director remuneration[1] | $ | 18,000 |
| Officer remuneration[1] | $ | 46,375 |
| Share-based payments | $ | 7,946 |

[1] Remuneration consists exclusively of salaries, bonuses, health benefits if applicable and consulting fees or director's fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the period ended March 31, 2018.

During the period ended March 31, 2018, mineral exploration services valued at $220,492, and administrative services valued at $16,375 were provided by companies with an officer in common with FireFox. At March 31, 2018, $5,310 remained owing to a related party in relation to administrative services provided, and $204,965 was owed to a related party in relation to mineral exploration services.

**7. Subsequent Events**

The Company has announced, but not closed, a financing to raise up to $750,000 by issuing up to 2,142,857 Units. Each Unit shall consist of one common share of the Company and one Warrant. Each Warrant shall be exercisable into one common share of the Company for $0.45 for two years from closing. In addition, finder's fees may be payable on this transaction.