

FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

December 31, 2018 and 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Freegold Ventures Limited

Opinion

We have audited the accompanying consolidated financial statements of Freegold Ventures Limited (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements loss and comprehensive loss, cash flows, and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Freegold Ventures Limited as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$760,981 during the year ended December 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by \$650,785. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's, Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 26, 2019

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

As at December 31,

(Expressed in U.S. Dollars)

ASSETS	2018	2017
Current		
Cash and cash equivalents	\$ 99,989	\$ 780,355
Amounts receivable	58,672	66,318
Prepaid expenses and deposits	40,141	51,425
	<u>198,802</u>	<u>898,098</u>
Exploration and Evaluation Properties (Note 4)	37,588,541	36,395,650
Property, Plant and Equipment (Note 5)	360,988	369,157
	<u>\$ 38,148,331</u>	<u>\$ 37,662,905</u>
LIABILITIES		
Current		
Trade payables (Note 6)	\$ 260,653	\$ 212,735
Accrued liabilities	30,805	25,110
Due to related parties (Note 7)	558,129	426,626
	<u>849,587</u>	<u>664,471</u>
Restoration and Environmental Obligations (Note 8)	230,033	220,655
	<u>1,079,620</u>	<u>885,126</u>
EQUITY		
Share Capital (Note 9)	85,849,508	85,316,169
Reserves	16,677,246	16,158,672
Deficit	(65,458,043)	(64,697,062)
	<u>37,068,711</u>	<u>36,777,779</u>
	<u>\$ 38,148,331</u>	<u>\$ 37,662,905</u>

Nature and Continuance of Operations (Note 1), Commitments (Note 11) and Subsequent Events (Note 15)

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS:

_____, Director _____, Director

“Gary Moore” “David Knight”

Freegold Ventures Limited
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017
(Expressed in U.S. Dollars)

	Common Shares	Amount	Stock Options Reserve	Warrants Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance – December 31, 2016	145,082,617	\$ 84,141,989	\$ 7,597,549	\$ 8,417,404	\$ (876,105)	\$ (64,358,527)	\$ 34,922,310
Issuance and allotment of shares for:							
- Public offering <i>(Note 9a)</i>	25,042,600	2,307,024	-	-	-	-	2,307,024
- Value assigned to warrants <i>(Notes 9a and 9c)</i>	-	(837,247)	-	837,247	-	-	-
Shares issued for debt <i>(Notes 6 and 9a)</i>	3,893,689	304,526	-	-	-	-	304,526
Share-based payments <i>(Note 9d)</i>	-	-	4,824	-	-	-	4,824
Share issuance costs <i>(Note 9a)</i>	-	(512,937)	-	-	-	-	(512,937)
Share issuance costs – agent's warrants <i>(Note 9a)</i>	-	(87,186)	-	87,186	-	-	-
Foreign currency translation adjustment	-	-	-	-	90,567	-	90,567
Loss for the year	-	-	-	-	-	(338,535)	(338,535)
Balance – December 31, 2017	174,018,906	85,316,169	7,602,373	9,341,837	(785,538)	(64,697,062)	36,777,779
Issuance and allotment of shares for:							
- Private placement <i>(Note 9a)</i>	14,935,000	918,794	-	-	-	-	918,794
- Value assigned to warrants <i>(Notes 9a and 9c)</i>	-	(372,760)	-	372,760	-	-	-
Share-based payments <i>(Note 9d)</i>	-	-	137,906	-	-	-	137,906
Share issuance costs <i>(Note 9a)</i>	-	(12,695)	-	-	-	-	(12,695)
Foreign currency translation adjustment	-	-	-	-	7,908	-	7,908
Loss for the year	-	-	-	-	-	(760,981)	(760,981)
Balance – December 31, 2018	188,953,906	\$ 85,849,508	\$ 7,740,279	\$ 9,714,597	(777,630)	\$ (65,458,043)	\$ 37,068,711

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31,

(Expressed in U.S. Dollars)

	2018	2017
General and Administrative Expenses		
Accretion <i>(Note 8)</i>	\$ 9,378	\$ 8,996
Consulting fees <i>(Note 7)</i>	17,533	27,617
Depreciation <i>(Note 5)</i>	8,169	9,743
Office and miscellaneous	43,631	49,076
Professional fees <i>(Note 7)</i>	106,429	102,570
Promotion and shareholder relations	81,203	73,849
Rent and utilities	52,622	51,412
Transfer, filing and other fees	79,446	79,730
Travel and transportation	85,799	104,818
Share-based payments <i>(Notes 7 and 9d)</i>	133,615	4,824
Wages, salaries and benefits <i>(Note 7)</i>	140,416	132,783
Total General and Administrative Expenses	(758,241)	(645,418)
Foreign exchange loss, net	(1,684)	(16,376)
Interest and bank charges	(2,829)	(2,849)
Interest income	1,773	7,643
Gain on forgiveness of debt <i>(Note 6)</i>	-	318,465
	(2,740)	306,883
Net Loss for the Year	\$ (760,981)	\$ (338,535)
Loss per Share – Basic and Diluted	\$ (0.00)	\$ (0.00)
Weighted Average Number of Shares Outstanding – Basic and Diluted	176,719,481	152,245,442
Comprehensive Loss		
Net loss for the year	\$ (760,981)	\$ (338,535)
Foreign currency translation adjustment	7,908	90,567
Total Comprehensive Loss for the Year	\$ (753,073)	(247,968)

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31,

(Expressed in U.S. Dollars)

Cash Resources Provided By (Used In)	2018	2017
Operating Activities		
Loss for the year	\$ (760,981)	\$ (338,535)
Items not affecting cash:		
Depreciation	8,169	9,743
Accretion	9,378	8,996
Gain on forgiveness of debt	-	(318,465)
Share-based payments	137,906	4,824
Net changes in non-cash working capital components:		
Amounts receivable	7,029	(58,393)
Prepaid expenses and deposits	7,728	31,460
Trade payables	69,488	(37,449)
Accrued liabilities	8,093	(1,894)
Due to related parties	117,752	38,280
	(395,438)	(661,433)
Investing Activities		
Exploration and evaluation property acquisition costs	(88,655)	(247,775)
Exploration and evaluation property deferred exploration costs	(1,074,665)	(2,577,633)
Property, plant and equipment additions	-	(1,723)
	(1,163,320)	(2,827,131)
Financing Activities		
Share capital issued	918,794	2,307,024
Share issuance costs	(2,269)	(410,600)
	916,525	1,896,424
Effect of Foreign Currency on Cash and Cash Equivalents	(38,133)	66,911
Net Decrease in Cash and Cash Equivalents	(680,366)	(1,525,229)
Cash and Cash Equivalents - Beginning of Year	780,355	2,305,584
Cash and Cash Equivalents - End of Year	\$ 99,989	\$ 780,355
Interest received	\$ 1,644	\$ 7,503
Income taxes paid	\$ -	\$ -
Supplemental Disclosure of Non-Cash Items		
Exploration expenditures included in trade payables and due to related parties	\$ 256,290	\$ 226,659
Share issuance costs included in trade payables and due to related parties	\$ 10,426	\$ 108,319
Shares issued to settle debt	\$ -	\$ 304,526
Share-based payments included in exploration and evaluation properties	\$ 4,291	\$ -
Fair value of agent's warrants	\$ -	\$ 87,186

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious metal exploration and evaluation properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to complete the acquisition and/or development of the properties and upon future profitable production.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company's consolidated financial statements as at December 31, 2018 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a comprehensive loss of \$753,073 for the year ended December 31, 2018 (December 31, 2017 – \$247,968) and had a working capital deficit of \$650,785 at December 31, 2018 (December 31, 2017 – working capital of \$233,627).

The Company had cash and cash equivalents of \$99,989 at December 31, 2018 (December 31, 2017 - \$780,355), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

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

a) Consolidation

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., Dolphin Gold Inc. (inactive) and McGrath Gold Inc. (inactive). All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company balances are eliminated upon consolidation.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

b) Significant Accounting Judgments, Estimates and Assumptions

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

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

c) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at December 31, 2018, cash and cash equivalents includes a redeemable guaranteed investment certificate of \$38,838 (December 31, 2017 - \$42,024).

d) Financial Instruments

On January 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. The effect of initially applying this standard did not have a material impact on the Company's financial statements. A number of other new standards are also effective from January 1, 2018; however, are also not considered to have a material impact on the Company's financial statements.

IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. There was no material impact to the Company's consolidated financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables, and available for sale.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts, where the host is a financial asset in the scope of the standard, are never separated. Instead, the hybrid financial instrument, as a whole, is assessed for classification. The Company's financial assets consist primarily of cash and cash equivalents, and amounts receivable, and are classified at amortized cost.

(ii) Impairment of financial assets

An expected credit loss (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets, measured at amortized cost and subject to the ECL model, include cash and cash equivalents, and amounts receivable.

The adoption of the ECL impairment model had no impact on the carrying amounts of the Company's financial assets on the transition date, as neither cash and cash equivalents, or amounts receivable have been subject to historical credit risk.

(iii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs.

The Company's trade payables, accrued liabilities and due to related parties are classified as other financial liabilities. The Company does not currently have any FVTPL financial liabilities.

e) Exploration and Evaluation Properties

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

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

f) Impairment

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

g) Restoration and Environmental Obligations

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

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

h) Property, plant and Equipment

Property, plant and equipment are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates, with half the rate being applied in the year of acquisition:

Automotive	30%
Computer equipment	30%
Exploration office	4%
Land	N/A
Office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

i) Share Capital

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve.

j) Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods using graded vesting. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options, as determined using the Black-Scholes option pricing model which incorporates all market vesting conditions, is expensed. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

k) Earnings (loss) per Share

Basic earnings (loss) per share ("EPS") is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting year.

In a year where the Company reports a net loss, the effect of outstanding stock options and warrants would be considered anti-dilutive.

l) Income Taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

m) Foreign Currency Translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in the consolidated statement of loss and comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, the Company's financial statements are translated into the presentation currency, being the U.S. dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in other comprehensive income (loss) as a separate component of equity.

n) Flow-Through Shares

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

o) Adoption of new and revised standards and interpretations

During the year ended December 31, 2018, the Company adopted certain new and amended accounting pronouncements, none of which had a material impact on the Company's consolidated financial statements:

Further, there are certain future standards, amendments and interpretations as follows:

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It 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.

The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on March 26, 2019.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

4. Exploration and Evaluation Properties

	Golden Summit Property		Shorty Creek Property		Total
Acquisition costs					
Balance, December 31, 2016	\$	2,833,389	\$	198,546	\$ 3,031,935
Additions		247,775		-	247,775
Balance, December 31, 2017	\$	3,081,164	\$	198,546	\$ 3,279,710
Exploration and evaluation costs					
Balance, December 31, 2016	\$	27,835,798	\$	2,770,272	\$ 30,606,070
Assaying		80,211		44,146	124,357
Camp costs		-		217,413	217,413
Drilling		347,264		625,025	972,289
Engineering and consulting		5,101		80,276	85,377
Geological and field expenses		28,081		71,888	99,969
Geophysical		58,081		-	58,081
Helicopter support		-		404,791	404,791
Land maintenance and tenure		84,143		8,155	92,298
Legal		8,206		-	8,206
Metallurgical studies		25,103		-	25,103
Personnel		137,052		181,448	318,500
Travel		45,247		58,239	103,486
Total incurred during December 31, 2017	\$	818,489	\$	1,691,381	\$ 2,509,870
Balance, December 31, 2017	\$	28,654,287	\$	4,461,653	\$ 33,115,940
Total	\$	31,735,451	\$	4,660,199	\$ 36,395,650

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2017	\$ 3,081,164	\$ 198,546	\$ 3,279,710
Additions	88,655	-	88,655
Balance, December 31, 2018	\$ 3,169,819	\$ 198,546	\$ 3,368,365
Exploration and evaluation costs			
Balance, December 31, 2017	\$ 28,654,287	\$ 4,461,653	\$ 33,115,940
Assaying	-	30,398	30,398
Camp costs	-	87,171	87,171
Drilling	-	283,012	283,012
Engineering and consulting	110	34,800	34,910
Geological and field expenses	12,490	84,547	97,037
Helicopter support	-	172,493	172,493
Land maintenance and tenure	65,270	23,810	89,080
Legal	8,088	-	8,088
Metallurgical studies	-	18,165	18,165
Personnel	46,280	201,996	248,276
Travel	-	35,606	35,606
Total incurred during December 31, 2018	\$ 132,238	\$ 971,998	\$ 1,104,236
Balance, December 31, 2018	\$ 28,786,525	\$ 5,433,651	\$ 34,220,176
Total	\$ 31,956,344	\$ 5,632,197	\$ 37,588,541

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

a) **Golden Summit Property, Alaska, USA**

Fairbanks Exploration Inc.

By various agreements dated from December 1, 1992 to May 9, 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property. In the deed conveying its remaining interest, FEI reserved a 7% working interest which is held in trust for FEI by the Company. The property is controlled by the Company through long-term lease agreements or outright claim ownership.

The Company will fund 100% of the costs until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR"), unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

(i) **Keystone Claims**

By an agreement dated May 17, 1992, the Company entered into a lease with Keystone Mines Partnership ("Keystone") whereby the Company agreed to make advance royalty payments of US\$15,000 per year. In May 2000, the agreement was renegotiated and on October 15, 2000, a US\$50,000 signing bonus was paid. On November 30, 2001, the Company restructured the advance royalty payments as follows:

1992 – 1998 (\$15,000 per year)	\$	105,000	(paid)
2000	\$	50,000	(\$25,000 paid in cash and \$25,000 with 9,816 treasury shares issued)
2001 - 2006 (\$50,000 per year)	\$	300,000	(paid)
2007	\$	150,000	(paid)
2008	\$	150,000	(paid)
2009	\$	150,000	(paid)
2010	\$	150,000	(paid)
2011	\$	150,000	(paid)
2012	\$	150,000	(paid)
2013	\$	150,000	(paid)
2014	\$	112,500	(paid)
2014	\$	37,500	(paid)
2015	\$	75,000	(paid)
2015	\$	75,000 *	(paid)
2016	\$	150,000 **	(paid \$75,000)
2017	\$	150,000 **	(paid \$75,000)
2018	\$	150,000 ***	(paid \$15,000)
2019	\$	150,000 ***	

The property is subject to a 3% NSR.

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

In 2011, the Company negotiated an extension of the lease. As long as there is either permitting, development mining or processing being conducted on a continuous basis or advance royalties being paid, the lease shall be renewable for successive 10 year terms.

* \$75,000 was paid during the year ended December 31, 2016.

** On December 8, 2015, the Company renegotiated the lease to reduce the annual royalty payments to \$75,000 payable in two equal installments on August 1 and November 1, until such time as the price of gold averages \$1,400 per ounce for a period of 3 months, at which time the original agreement will be re-instated. In addition, the Company will undertake \$75,000 in annual exploration expenditures as consideration for the reduced payments, until such time as the advance royalty payments are resumed at \$150,000 per year.

*** The Company is in negotiations to decrease the annual royalty payments of \$75,000 to \$15,000, pursuant to a forbearance agreement entered into subsequent to year-end. The agreement permits the Company to pay \$15,000 on August 1 of each year with the remaining balance of \$60,000 payable in equal monthly installments over 2 years, following the price of gold averaging US\$1,400 per ounce for a period of 3 years. Pursuant to the terms of this agreement, a payment of \$15,000 was paid during the year ended December 31, 2018.

(ii) Newsboy Claims

By lease agreement dated February 28, 1986 and amended March 26, 1996, the Company assumed the obligation to make advance royalty payments of \$2,500 per year until 1996 (paid) and \$5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions.

On October 12, 2012, the Company amended the lease agreement and the lease term was extended for an additional 5 years from March 1, 2011 to February 29, 2016. The minimum royalty payable under the amended lease was \$12,000 per year for the term of the lease. The Company amended the lease agreement whereby the \$12,000 due on February 29, 2016 was deferred to May 31, 2016 (paid), and the lease term was extended for an additional 5-year term from March 1, 2016 to February 28, 2021. As consideration, the Company had agreed to a one-time payment of \$50,000 (the "Signing Bonus") due on or before February 28, 2017. The Company renegotiated the agreement to defer payments of the Signing Bonus to two installments of \$25,000 due on February 28, 2017 (paid) and \$25,000 due on February 28, 2018 (\$15,000 paid).

The Company is currently renegotiating the payment terms surrounding the Signing Bonus and annual lease payments. The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US\$1,000,000 less all advance royalty payments made.

(iii) Tolovana Claims

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via a Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual payments of \$1,000 per month for the first 23

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

months, increasing to \$1,250 per month for the 24th to the 48th months, and \$1,500 per month after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a cash payment to the Seller of \$7,500 on signing, and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property, if the resource was established in 5 years or less from the date of the agreement. No resource was calculated during the prescribed timeframe; therefore, these shares were not issued to the Seller.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below \$300 per ounce, 2.0% NSR in the event the price of gold is between \$300 to \$400, and 3.0% NSR in the event that the price of gold is above \$400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property claims and NSR for \$1,000,000 less any amounts paid.

(iv) Green Claims

On December 16, 2010, the Company entered into a 20-year lease agreement with Christina Mining Company, LLC ("Christina Mining") to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	Cumulative Exploration Expenditures
December 1, 2010	\$100,000 (paid)	-
December 1, 2011	\$100,000 (paid)	\$250,000 (incurred)
December 1, 2012	\$100,000 (paid)	\$500,000 (incurred)
December 1, 2013	\$100,000 (paid)	\$750,000 (incurred)
December 1, 2014	\$50,000 (paid)	\$1,000,000 (incurred)
December 1, 2014	\$50,000 (paid)	-
December 1, 2015	\$50,000 * (paid)	-
December 1, 2016	\$50,000 ** (paid)	-
December 1, 2017	\$50,000 ** (paid)	-
December 1, 2018 to 2019	\$100,000*** per year	-
December 1, 2020 to 2028	\$200,000 per year	-
December 1, 2029	\$150,000 per year	-
Total	\$2,800,000	

*In December 2015, an amendment was negotiated to reduce the annual advance royalty for 2015 to \$50,000, with the payment deferred until March 31, 2016.

** In 2016, the Company renegotiated the lease to reduce the annual royalty payments to \$50,000 until such time as the price of gold averages \$1,400 per ounce for a period of 3 months at which time the original agreement will be re-instated. In addition, the Company

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

guaranteed to pay the 2017 and 2018 land maintenance costs as consideration for the reduced payments or until such time as the advance royalty payments are resumed pursuant to the original agreement.

*** The Company amended the lease to waive the 2018 advance royalty payment. This concession may be extended with notice to the Company for a further two years and with further agreement to waive the annual advance royalty payment for the following two years. As consideration for this concession, the Company agreed to relinquish its rights to certain mineral claims. Following reclamation and in the event the advance royalty payments are made in full, the Company shall have the right but not the obligation to reincorporate the claims into the lease. The Company shall reimburse Christina Mining the annual claim rents for the relinquished claims until such time as the mineral lease is terminated.

(v) Chatham Claims

On July 11, 2011, the Company entered into a 4-year lease agreement to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% NSR. The Company was required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	\$20,000 (paid)	-
July 11, 2012	\$30,000 (paid)	\$50,000 (incurred)
July 11, 2013	\$40,000 (paid)	\$50,000 (incurred)
July 11, 2014	\$50,000 (paid)	\$50,000 (waived)
July 11, 2015	-	\$50,000 (waived)
Total	\$140,000	\$200,000

On July 11, 2015, the Company renegotiated and extended the lease agreement for an additional 4 years. The Company is now required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
September 30, 2016	\$25,000 (paid)	\$20,000 (incurred)
September 30, 2017	\$50,000 (paid)	\$20,000 (incurred)
September 30, 2018	\$50,000* (paid \$15,000)	\$20,000*
September 30, 2019	\$50,000	\$20,000
Total	\$175,000	\$80,000

The Company has the option to purchase the property for \$750,000 less the annual payments made under the amended lease agreement.

*A payment of \$15,000 was made in 2018 with the remaining portion deferred to a future date.

The Company also has the option to purchase one-half of the NSR for \$750,000.

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(vi) Alaska Mental Health Trust Property

By lease agreement effective June 1, 2012, the Company entered into a mining lease to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property is controlled by the Company through a 3-year lease agreement and may be extended for two extensions of 3 years. On February 1, 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. On June 1, 2015, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 1,576 acres. As a result, the work commitment schedule and annual cash payments have been modified. The Company is required to make annual cash payments and exploration expenditures as follows:

For the amendment to 403 acres:

	Payments	Exploration Expenditures
Execution of agreement	\$25,000 (paid)	-
Year 1 (2012)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 2 (2013)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 3 (2014)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 4 (2015)	\$10 per acre per year (paid)	\$235 per acre per year (incurred)
Year 5 (2016)	\$15 per acre per year (paid)	\$235 per acre per year (incurred)
Year 6 (2017)	\$15 per acre per year (paid)	\$235 per acre per year (incurred)
Year 7 (2018)	\$20 per acre per year (paid)	\$355 per acre per year *
Years 8-9	\$20 per acre per year	\$355 per acre per year

For the amendment for an additional 1,173 acres:

	Payments	Exploration Expenditures
Year 1 (2015)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 2 (2016)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 3 (2017)	\$10 per acre per year (paid)	\$125 per acre per year (incurred)
Year 4 (2018)	\$15 per acre per year (paid)	\$235 per acre per year*
Years 5-6	\$15 per acre per year	\$235 per acre per year
Years 7-9	\$20 per acre per year	\$355 per acre per year

*The Company is currently renegotiating the terms of the exploration expenditure requirement.

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
\$500 or below	1.0%
\$500.01 - \$700.00	2.0%
\$700.01 - \$900.00	3.0%
\$900.01 - \$1,200.00	3.5%
above \$1,200.00	4.5%

b) Shorty Creek Property, Alaska, USA

By agreement dated July 17, 2014, the Company entered into a renewable 10-year lease agreement to acquire certain mineral claims located 100 km northwest of Fairbanks, Alaska known as the Shorty Creek Property. On August 8, 2014, the Company issued 750,000 common shares as consideration. The vendor will retain a 2% NSR and is responsible for the annual State of Alaska rents for the first 5 years after which the Company will be responsible. In 2014 and 2016, additional claims were staked within and outside the area of interest and the Company will be responsible for these annual State of Alaska rents.

Freegold Ventures Limited*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****December 31, 2018 and 2017***(Expressed in U.S. Dollars)***5. Property, Plant and Equipment**

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2016	\$ 33,602	\$ 10,486	\$ 6,658	\$ 179,944	\$ 13,396	\$ 218,892	\$ 462,978
Additions	-	1,723	-	-	-	-	1,723
Balance, December 31, 2017	\$ 33,602	\$ 12,209	\$ 6,658	\$ 179,944	\$ 13,396	\$ 218,892	\$ 464,701
Accumulated Depreciation							
Balance, December 31, 2016	\$ (28,802)	\$ (6,935)	\$ (4,462)	\$ (36,157)	\$ (9,445)	\$ -	\$ (85,801)
Depreciation	(1,440)	(1,385)	(373)	(5,755)	(790)	-	(9,743)
Balance, December 31, 2017	\$ (30,242)	\$ (8,320)	\$ (4,835)	\$ (41,912)	\$ (10,235)	\$ -	\$ (95,544)
Net Book Value	\$ 3,360	\$ 3,889	\$ 1,823	\$ 138,032	\$ 3,161	\$ 218,892	\$ 369,157

Freegold Ventures Limited*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****December 31, 2018 and 2017***(Expressed in U.S. Dollars)*

	Automotive		Computer Equipment		Office Equipment		Exploration Office		Exploration Office Equipment		Land		Total	
Costs														
Balance, December 31, 2017	\$	33,602	\$	12,209	\$	6,658	\$	179,944	\$	13,396	\$	218,892	\$	464,701
Additions		-		-		-		-		-		-		-
Balance, December 31, 2018	\$	33,602	\$	12,209	\$	6,658	\$	179,944	\$	13,396	\$	218,892	\$	464,701
Accumulated Depreciation														
Balance, December 31, 2017	\$	(30,242)	\$	(8,320)	\$	(4,835)	\$	(41,912)	\$	(10,235)	\$	-	\$	(95,544)
Depreciation		(1,008)		(711)		(298)		(5,520)		(632)		-		(8,169)
Balance, December 31, 2018	\$	(31,250)	\$	(9,031)	\$	(5,133)	\$	(47,432)	\$	(10,867)	\$	-	\$	(103,713)
Net Book Value	\$	2,352	\$	3,178	\$	1,525	\$	132,512	\$	2,529	\$	218,892	\$	360,988

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

6. Trade Payables

During the year ended December 31, 2017, the Company issued 3,893,689 shares to settle \$622,991 of debt and recognized a \$318,465 gain on forgiveness of debt.

7. Related Party Balances and Transactions

A summary of key management compensation is as follows:

	December 31, 2018	December 31, 2017
Accounting – Chief Financial Officer	\$ 61,520	\$ 61,714
Consulting – Corporate Secretary	9,228	22,526
Salaries and benefits – President and Vice President	* 318,652	* 319,660
Stock option benefits	133,615	-
Total	\$ 523,015	\$ 403,900

A summary of amounts due to related parties is as follows:

	December 31, 2018	December 31, 2017
President and Chief Executive Officer	\$ 239,686	\$ 186,163
Vice President, Exploration and Development	234,340	180,351
Chief Financial Officer	64,538	42,100
Corporate Secretary	19,565	18,012
Total	\$ 558,129	\$ 426,626

*During the year ended December 31, 2018, \$224,931 (2017 – \$225,642) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

Amounts owing to key management are non-interest bearing, unsecured and due on demand unless otherwise noted.

8. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and closure costs for the Golden Summit Property (Note 4a). As at December 31, 2018, the present value of the estimated obligations relating to properties is \$230,034 (2017 – \$220,655) using a discount rate of 4.25% (2017 – 4.25%) and no consideration of an inflation rate (2017 – none). Significant reclamation and closure cost activities include, land rehabilitation, demolition of field camps, ongoing care and maintenance and other costs.

Notes to Consolidated Financial Statements

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(Expressed in U.S. Dollars)

The undiscounted reclamation and closure cost obligation at December 31, 2018 is \$250,000 (2017 – \$250,000) and the revised estimate of remediation work is expected to occur in 2020.

Movements in the reclamation and closure cost balance during the year are as follows:

	December 31, 2018	December 31, 2017
Balance, beginning of year	\$ 220,655	\$ 211,659
Accretion	9,378	8,996
Balance, end of year	\$ 230,033	\$ 220,655

9. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At December 31, 2018, the Company had 188,953,906 common shares outstanding (December 31, 2017 – 174,018,906).

a) Share Issuances and Other

On October 26, 2018, the Company closed a non-brokered private placement of 14,935,000 ("Units"), priced at Cdn\$0.08 per Unit for total proceeds of Cdn\$1,194,800 (\$918,794). Each Unit consists of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire an additional Share at a price of Cdn\$0.12 per Share for a period of 36 months from the date of closing. Each Warrant is subject to accelerated expiry provisions such that if, at any time after the expiry of any resale restriction governing the subscribed Shares, the Corporation's common shares trade on the TSX at or above a volume weighted average trading price of Cdn\$0.20 per common share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice. All securities issued bear a legend restricting resale until February 27, 2019. The Company incurred \$12,695 share issue costs associated with this financing.

On December 22, 2017, the Company issued 3,893,689 shares to settle \$622,991 of debt. The Company incurred \$4,685 share issue costs associated with this debt settlement (Note 6).

On September 11, 2017, the Company filed a short form prospectus ("2017 Prospectus"). The 2017 Prospectus qualified the distribution of 25,042,600 units of the Company at a price of Cdn\$0.12 per unit for gross proceeds of Cdn\$3,005,112 (\$2,307,024). Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional share at a price of Cdn\$0.18 per share for a period of 2 years from the date of the closing.

The Company granted the agent, Paradigm (Note 7), 1,252,130 agent warrants relating to the 2017 Prospectus offering. Each agent warrant entitles the agent to acquire a common share at a price of Cdn\$0.12 per share for a period of 2 years from the date of the closing. The Company incurred total share issue costs associated with this financing of \$600,123 of which \$512,937 were commissions and related expenses and \$87,186 was the value attributed to the agent warrants (Note 9c).

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

b) Exercise of Warrants and Options

No warrants were exercised during the years ended December 31, 2018 and 2017.

No options were exercised during the years ended December 31, 2018 and 2017.

c) Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Number of warrants	Weighted average exercise price (Cdn\$)	Number of warrants	Weighted average exercise price (Cdn\$)
Outstanding, beginning of the year	46,772,887	0.20	38,170,957	0.23
Granted	-	-	12,521,300	0.18
Granted	14,935,000	0.12	1,252,130	0.12
Expired	(3,186,250)	0.15	(5,171,500)	0.30
Expired	(6,750,000)	0.15	-	-
Outstanding, end of the year	51,771,637	0.19	46,772,887	0.20

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2018:

Number	Price per Share (Cdn\$)	Expiry Date	
20,230,883	0.25	May 20, 2019	
2,832,324	0.18	May 20, 2019	
12,521,300	0.18	September 19, 2019	**
1,252,130	0.12	September 19, 2019	***
14,935,000	0.12	October 26, 2021	*
Total	51,771,637		

*During the year ended December 31, 2018, 14,935,000 share purchase warrants having a relative fair value of \$372,760 were issued relating to a private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn\$0.12 per share exercisable until October 26, 2021. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 2.29%, a dividend yield of 0% and historical volatility of 113% (Note 9a).

Notes to Consolidated Financial Statements

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**During the year ended December 31, 2017, 12,521,300 share purchase warrants having a relative fair value of \$837,247 were issued relating to the 2017 Prospectus offering. Each warrant entitles the holder to purchase one additional common share at a price of Cdn\$0.18 per share exercisable until September 19, 2019. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.69%, a dividend yield of 0% and historical volatility of 123% (Note 9a).

***During the year ended December 31, 2017, 1,252,130 agent warrants having a fair value of \$87,186 were issued to Paradigm relating to the 2017 Prospectus offering. Each warrant entitles the agent to purchase one additional common share at a price of Cdn\$0.12 per share exercisable until September 19, 2019. The fair value was calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.69%, a dividend yield of 0% and historical volatility of 123% (Note 9a).

d) Stock Options

The Company has established a stock option plan (the "Stock Option Plan") whereby the Board of Directors (the "Board"), may from time to time, grant options to directors, officers, employees or consultants. At the Company's Annual General Meeting held on June 29, 2018, shareholders re-approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a "rolling stock option plan". Stock options may be granted under the Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant. The policies of the TSX require the approval of all unallocated options, rights or entitlements under the Stock Option Plan by the Company's shareholders every three years with the next such renewal approval requested by shareholders on or before June 29, 2021.

A summary of the Company's stock options at December 31, 2018 and the changes for the period are as follows:

Number Outstanding December 31, 2017	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2018	Number Exercisable December 31, 2018	Exercise Price (Cdn\$)	Expiry Date
700,000	-	-	-	-	700,000	700,000	0.25	January 1, 2019
150,000	-	-	-	-	150,000	150,000	0.20	July 23, 2019
150,000	-	-	-	-	150,000	150,000	0.12	July 28, 2020
4,220,000	-	-	-	-	4,220,000	4,220,000	0.21	July 8, 2021
50,000	-	-	-	-	50,000	50,000	0.155	April 6, 2022
-	3,150,000	-	-	-	3,150,000	3,150,000	0.10	July 23, 2023
5,270,000	3,150,000	-	-	-	8,420,000	8,420,000	0.17	

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

During the year ended December 31, 2018, the Company granted the following options which vested immediately:

	Exercise Price (Cdn\$)	Number of options	2018 Vested Amount
Directors and Officers	0.10	3,050,000	\$133,615*
Consultant	0.10	100,000	\$4,291**
Total	0.10	3,150,000	\$137,906

*The \$133,615 (\$0.04 per option) estimated fair value of 3,050,000 options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

**The \$4,291 (\$0.04 per option) estimated fair value of 100,000 options is recorded in the Company accounts as deferred exploration costs calculated on the vesting date. The offsetting entry was to the stock options reserve.

A summary of the Company's stock options at December 31, 2017 and the changes for the year are as follows:

Number Outstanding December 31, 2016	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2017	Number Exercisable December 31, 2017	Exercise Price (Cdn\$)	Expiry Date
20,000	-	-	-	(20,000)	-	-	0.75	February 20, 2017
700,000	-	-	-	-	700,000	700,000	0.25	January 1, 2019
150,000	-	-	-	-	150,000	150,000	0.20	July 23, 2019
150,000	-	-	-	-	150,000	150,000	0.12	July 28, 2020
4,220,000	-	-	-	-	4,220,000	4,220,000	0.21	July 8, 2021
-	50,000	-	-	-	50,000	50,000	0.155	April 6, 2022
5,240,000	50,000	-	-	(20,000)	5,270,000	5,270,000	0.21	

During the year ended December 31, 2017, the Company granted the following options to a consultant of the Company which vested immediately:

	Exercise Price (Cdn\$)	Number of options	2017 Vested Amount
Consultant	0.155	50,000	\$4,824

*The \$4,824 (\$0.096 per option) estimated fair value of 50,000 options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31, 2018	December 31, 2017
Expected dividend yield	0.00%	0.00%
Historical volatility	122.44%	112.72%
Risk-free interest rate	2.07%	1.12%
Expected life of options	5.00 years	5.00 years

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

e) Shareholders Rights Plan

Effective May 9, 2012, the Board has approved and adopted a Shareholders' Rights Plan (the "Rights Plan"). The Rights Plan extends the minimum expiry period for a takeover bid to 60 days and requires a bid to remain open for an additional 10 business days after an offeror publicly announces it has received tenders for more than 50% of the Company's voting shares. The principal purpose of the Rights Plan is to ensure that shareholders have sufficient time to consider a takeover bid without undue time constraints. It is designed to provide the Board additional time to consider alternatives in maximizing for shareholders the full and fair value for their common shares. The termination date is May 9, 2020 unless the plan is terminated by the Board before that date.

10. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 27% (2017 – 26%):

	December 31, 2018	December 31, 2017
Loss before income taxes	\$ (760,981)	\$ (338,535)
Expected income tax (recovery)	\$ (205,000)	\$ (88,000)
Changes in tax rates and foreign exchange rates	(21,000)	1,355,000
Permanent differences	36,000	1,000
Share issue cost	(3,000)	(133,000)
Foreign exchange effect on current year provision	436,000	232,000
Adjustment to prior years provision versus statutory tax returns	(68,000)	(1,811,000)
Change in unrecognized deductible temporary differences	(175,000)	444,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2018	December 31, 2017
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ (7,000)	\$ (23,000)
Non-capital losses	7,000	23,000
Net deferred tax liability	\$ -	\$ -

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

The significant components of the Company's unrecognized deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deferred tax assets		
Share issue costs	\$ 154,000	\$ 232,000
Asset retirement obligation	48,000	46,000
Non-capital losses	6,534,000	6,509,000
Capital losses	21,000	23,000
Property, plant and equipment	72,000	78,000
Exploration and evaluation properties	897,000	1,013,000
	7,726,000	7,901,000
Unrecognized deferred tax assets	(7,726,000)	(7,901,000)
Net deferred tax assets	\$ -	\$ -

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

	2018	Expiry	2017	Expiry
Temporary Differences				
Share issue costs	\$ 571,000	2039 to 2042	\$ 859,000	2038 to 2041
Non-capital losses	26,913,000		26,873,000	
Allowable capital losses	79,000	No expiry date	85,000	No expiry date
Property, plant, and equipment	248,000	No expiry date	268,000	No expiry date
Restoration and environmental obligations	230,000	No expiry date	221,000	No expiry date
Exploration and evaluation properties	3,305,000	No expiry date	3,706,000	No expiry date
Canada	14,711,000	2026 to 2038	14,816,000	2026 to 2037
USA	12,202,000	2019 to 2037	12,057,000	2019 to 2037

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

11. Commitments

- a) The Company has the following commitments related to payments required under an office lease and a photocopier lease:

	< 1 year (Cdn\$)	2-5 years (Cdn\$)	> 5 years (Cdn\$)	Total (Cdn\$)
Office lease - Vancouver	66,434	189,810	-	256,244
Photocopier lease payments	4,006	9,014	-	13,020
Total	70,440	198,824	-	269,264

- b) The Company has future commitments under exploration and evaluation property option agreements to pay cash and incur exploration expenditures (Note 4).

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

12. Segmented Information

Details on a geographic basis as at December 31, 2018 are as follows:

	USA	Canada	Total
Loss for the year	\$ (17,144)	\$ (743,837)	\$ (760,981)
Comprehensive loss for the year	\$ (17,144)	\$ (735,929)	\$ (753,073)
Current assets	\$ 69,895	\$ 128,907	\$ 198,802
Property, plant and equipment	\$ 356,284	\$ 4,704	\$ 360,988
Exploration and evaluation properties	\$ 37,588,541	\$ -	\$ 37,588,541
Total assets	\$ 38,014,720	\$ 133,611	\$ 38,148,331

Details on a geographic basis as at December 31, 2017 are as follows:

	USA	Canada	Total
Loss for the year	\$ 300,440	\$ (638,975)	\$ (338,535)
Comprehensive loss for the year	\$ 300,440	\$ (548,408)	\$ (247,968)
Current assets	\$ 155,206	\$ 742,892	\$ 898,098
Property, plant and equipment	\$ 363,445	\$ 5,712	\$ 369,157
Exploration and evaluation properties	\$ 36,395,650	\$ -	\$ 36,395,650
Total assets	\$ 36,914,301	\$ 748,604	\$ 37,662,905

13. Comparative Figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

14. Financial Instruments and Risk Management

a) Financial Instruments

The carrying value of financial assets and liabilities at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Financial Assets		
<i>Amortized cost</i>		
Cash and cash equivalents	\$ 99,989	\$ 780,355
Amounts receivable	54,125	59,298
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables	\$ 260,653	\$ 212,735
Accrued liabilities	30,805	25,110
Due to related parties	558,129	426,626

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

Financial instrument hierarchy

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value on the consolidated statement of financial position is as follows:

	December 31, 2018	December 31, 2017
	Level 1	Level 1
Cash and cash equivalents	\$ 99,989	\$ 780,355

There were no transfers between levels during the years ended December 31, 2018 and 2017.

b) Capital Management

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

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 new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

c) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31, 2018, amounts receivable of \$58,672 (December 31, 2017 - \$66,318) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of \$4,547 (December 31, 2017 - \$7,020), interest receivable of \$129 (December 31, 2017 - \$140) and other receivables of \$53,996 (December 31, 2017 - \$59,158). As a result, credit risk is considered insignificant.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

d) 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 manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31, 2018, the Company had cash of \$99,989 to settle current liabilities of \$849,587, which have contractual maturities of less than 30 days and are subject to normal trade terms.

e) Currency Risk

Foreign currency exchange risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31, 2018 and 2017:

	December 31, 2018 (Cdn\$)	December 31, 2017 (Cdn\$)
Cash and cash equivalents	123,079	850,972
Trade payables and accruals	236,818	209,138
Due to related parties	761,400	535,202

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately \$8,751 for the year ended December 31, 2018 (2017 - \$1,066).

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

f) Interest Rate Risk

The Company is not subject to interest rate risk.

g) Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(Expressed in U.S. Dollars)

15. Subsequent Events

- i) On January 1, 2019, 700,000 options with an exercise price of \$0.25 expired unexercised.
- ii) On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited ("South32") whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of \$10 million over a 4-year option period with minimum exploration expenditures of \$2 million in Years 1 and 2, and \$3 million in Years 3 and 4 for an aggregate of \$10 million.

Provided that all exploration data and information has been made available by December 31 of each year of the option agreement, South32 shall decide within 30 days whether to fund a further tranche. The first year expenditure of a minimum \$2 million is a firm commitment. Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing \$30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company, the parties will contribute funding on a pro rata basis (70% and 30% to South 32 and the Company, respectively), as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee formed by the Company and South32, for the purpose of reviewing and approving each year's program.



**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR
FREEGOLD VENTURES LIMITED**

DATED: MARCH 26TH, 2019

Additional information relating to Freegold Ventures Limited ("Freegold" or the "Company"), including the Company's Annual Information Form for the year ended December 31st, 2018 is available on SEDAR at www.sedar.com.

This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this Management's Discussion and Analysis ("MD&A").

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The 2018 and 2017 information set forth in this document should be read in conjunction with the consolidated audited financial statements and related notes, prepared in accordance with IFRS, for the years ended December 31st, 2018 and 2017.

CHANGE IN PRESENTATION CURRENCY

The consolidated financial statements are presented in United States Dollars ("U.S. Dollars"), unless otherwise specified. The functional currency of Freegold Ventures Limited is Canadian Dollars. However, the functional currency of the Company's foreign subsidiaries is the U.S. Dollar. Accordingly, the consolidated financial statements are presented in U.S. Dollars. Unless otherwise noted, all currency amounts presented in this MD&A are stated in U.S. Dollars.

BUSINESS OF FREEGOLD

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company was incorporated in 1985 and is listed on the Toronto Stock Exchange under the symbol "FVL". As of March 26th, 2019, the Company had 188,953,906 shares outstanding. The Company has its registered corporate office in Vancouver, Canada.

REVIEW OF EXPLORATION PROJECTS

The Company continues to focus its exploration activities in Alaska on its Shorty Creek and Golden Summit Projects.

During the period ended December 31st, 2018, the Company undertook a small drill program, aimed at both expanding and delineating the copper mineralization discovered at Hill 1835 at Shorty Creek. A total of 1,166 metres were drilled in two holes during the 2018 fall program.

Metallurgical work has been underway for the past several months aimed at both determining copper, silver and gold recoveries through locked cycle testing as well as evaluating the potential for a gravity circuit to recover the tungsten. The tungsten present at Shorty Creek occurs as wolframite and hence is likely amenable to gravity recovery. Results will be reported when

available. The metallurgical program is being conducted by Base Metallurgical Laboratories Ltd. of Kamloops, B.C.

On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited ("South32") whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of \$10 million over a 4-year option period with minimum exploration expenditures of \$2 million in Years 1 and 2, and \$3 million in Years 3 and 4 for an aggregate of \$10 million.

Provided that all exploration data and information has been made available by December 31 of each year of the option agreement, South32 shall decide within 30 days whether to fund a further tranche. The first year expenditure of a minimum \$2 million is a firm commitment. Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing \$30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company the parties will contribute funding on a pro rata basis of 70% and 30% to South 32 and the Company, as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee, formed by the Company and South32, for the purpose of reviewing and approving each year's program.

SHORTY CREEK

The Company entered into a renewable ten-year lease agreement to acquire certain mineral claims comprising the Shorty Creek Project in July 2014. The Project is located 120 kilometres northwest of Fairbanks, Alaska and 4 kilometres to the south of the all-weather paved Elliott Highway within the Livengood-Tolovana Mining District. The Company issued 750,000 common shares as consideration. The vendor will retain a 2% net smelter returns royalty ("NSR") and be responsible for the annual State of Alaska rents for the first five years after which the Company will assume responsibility. In 2014, additional claims were staked in the area of interest and the Company will be responsible for these annual State of Alaska rents. Additional claims were also staked during the 2016 exploration program.

Shorty Creek is a copper – gold porphyry target on which Freegold intersected 91.4 metres grading 0.55% copper during its initial drill campaign in 2015. Subsequent drilling in 2016 and 2017 intersected broad zones of copper mineralization. Highlights include 434.5 metres grading 0.36% copper, 0.12 g/t gold, 7.46 g/t silver in hole 16-01, and 409.6 metres grading 0.29% copper, 0.06 g/t Au, and 5.66 g/t silver in Hole 16-02. A follow-up program in 2017 continued to expand upon these broad zones of copper mineralization. Highlights from 2017 include 360 metres grading 0.24% copper, 0.07 g/t gold, and 4.04 g/t silver, in hole 17-01, and 408 metres grading 0.27% copper, and 0.05 g/t gold and 4.97 g/t silver in hole 17-02. In addition to the copper mineralization at Hill 1835 significant tungsten mineralization has also been intersected, significant intercepts include 207 metres grading 0.045% W03 in hole 16-01, 0.03% W03 over 409.6 metres in hole 16-02, and 0.06% W03 over 87 metres in hole 17-01, and 0.06% W03 over 339 metres in hole 17-02.

On January 16th, 2019, the Company reported results from holes SC 18-01 and SC 18-02 drilled during the 2018 program. A total of 1,166 metres were drilled in two holes within the magnetic high at Hill 1835. Both holes intersected consistent mineralization over broad widths.

Highlights from the Hole SC 18-01 & SC 18-02: 2018 program include:

Hole Number	From	To	Interval (m)	Cu %	Au g/t	Ag g/t	W03 %	Cu EQ %
SC 18-01	113	555.2	442.2	0.24	0.09	4.74	0.02	0.42
Incl	194	315.15	121.15	0.45	0.15	10.5	0.045	0.80
SC 18-02	92	534.4	442.4	0.22	0.13	4.03	0.02	0.42
Incl	92	407	315	0.25	0.08	4.61	0.026	0.44
Incl	281	407	126	0.36	0.09	6.3	0.018	0.54

*Freegold has not as yet collected sufficient data to determine how the downhole drill intervals might relate to the actual true thickness of mineralization. *Copper equivalent grades are based on metal prices of: copper US\$2.70/lb, gold US\$1,280 per oz and silver US\$16 per oz and tungsten US\$220/mtu. Metal recoveries have not been applied in the copper equivalent calculation. The copper equivalent calculation is as follows; $CuEq = Cu \text{ grade} + (Au \text{ grade} \times Au \text{ price} + Ag \text{ grade} \times Ag \text{ price}) / (22.0462 \times 31.1035 \times Cu \text{ price}) + tungsten$.*

Hole SC 18-01 was drilled to a depth of 555.2 metres, and terminated in a significant fault zone. Hole SC 18-02, located 175 metres south east of Hole SC 18-0,1 was drilled to a depth of 610.85 metres.

The Shorty Creek project area hosts a cluster of magnetic anomalies commonly seen in porphyry districts. Hill 1835 is only one of the potentially significant areas identified to date. The mineralized area at Hill 1835 extends over a 600 metre x 300 metre area and remains open. The 2016 program also tested a broad magnetic anomaly with coincident geochemistry at Hill 1710, an area located 2.0 km north of Hill 1835, with 4 holes spaced on average 400 metres apart. The holes intersected copper mineralization with the copper grades increasing as drilling moved to the northeast. Only 1.6 km of the 6.0 km long magnetic feature has been drill tested.

Other exploration targets within the 100 square kilometre property include the Quarry target, where oxidized porphyritic rock with stockwork veining returned values of 500 ppm copper in rock samples. Steel Creek, which was initially tested with one hole in 2017, lies two km northeast of Hill 1835 and drilling intersected anomalous copper and a mineral suite similar to that seen at Hill 1835.

Drill cores have been cut in half using a core saw. In all cases one-half of the core was placed in sealed bags for geochemical analysis and the other half stored on site. Core samples were either delivered to ALS Chemex at its facility in Fairbanks, Alaska or picked up by ALS Chemex at the camp facility. A quality control assurance program was part of the sampling program to ensure the quality of the assay results.

For results of the 2015 - 2018 drill programs, reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com, as well as a technical report with respect to the Shorty Creek Project entitled, "An Updated *Technical Report for the Shorty Creek Project, Livengood – Tolovana Mining District, Alaska*" by John R. Woodman, B.Sc., P. Geo., dated April 2nd, 2018 which was filed on SEDAR.

GOLDEN SUMMIT

The Golden Summit Project is a road accessible gold exploration project near Fairbanks, Alaska. The project consists of a several long-term leases ("Keystone Claims", "Tolovana Claims", "Newsboy Claims", "Green Claims", "Chatham Claims" and "Alaska Mental Health Trust Property") and claims and lands owned by Freegold. The project is subject to various fixed and sliding net smelter return royalties ("NSR's") ranging from 1 to 5% dependent on the price of gold. The Project is also subject to various payments and work commitments on an annual basis. In a deed conveying its remaining interest, Fairbanks Exploration Inc. ("FEI") reserved a 7% working interest

which is held in trust for FEI by the Company on certain mineral claims. The Company will fund 100% of the costs until commercial production is achieved at which point FEI is required to contribute 7% of any approved budget. These claims are subject to a 2% NSR to FEI unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

Freegold has been exploring the Golden Summit Project since 1992. Exploration activities have included ground and airborne geophysics, rock, soil and trench sampling and drilling (reverse circulation, rotary air blast and core). In addition, detailed geochemical and geophysical programs have been undertaken over the entire Project. The Project is host to several high grade historical gold mines as well as significant historical placer gold production. It is estimated that some 6.75 million ounces of placer gold have been recovered from the streams that drain the Golden Summit Project area.

Since 2011, four resource updates have been completed on the Project. The most recent technical report on the Golden Summit Project, entitled "*Technical Report, Golden Summit Project, Preliminary Economic Assessment, Fairbanks North Star Borough, Alaska, USA*" dated January 20th, 2016 and Amended and Restated as of May 11th, 2016 prepared by Tetra Tech, Inc. and Mark J. Abrams, C.P.G. and Gary Giroux, P. Eng., M.A. Sc. of Giroux Consultants Ltd. (the "Golden Summit Technical Report") has also been filed on SEDAR.

The preliminary economic assessment ("PEA") reflected in the Golden Summit Technical Report is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.

The PEA evaluates a two-phase, 24-year life of mine open pit mine generating two gold streams, each operating at 10,000 tonnes per day (tpd). Processing operations for the oxide and sulfide mineralized materials are heap leach and bio-oxidation, respectively. All values are presented in US\$.

Based on a gold price of \$1,300/oz, highlights of the PEA include:

- A post-tax net present value using a 5% discount rate and an internal rate of return of \$188 million and 19.6%, respectively;
- A mine life of 24 years with peak annual gold production of 158 thousand ounces (koz) and average annual gold production of 96 koz;
- 2,358 koz of doré produced over the life of mine;
- Total cash cost estimated at \$842/oz Au (including royalties, refining and transport);
- Ability to execute Phase 1 with low initial capital; initial and sustaining capital costs, including contingency, estimated at \$88 million and \$348 million respectively;
- A payback of 3.3 years post-tax; and
- Favourable geopolitical climate; completion risk is offset through strong legislative and financial support at state and federal levels.

Potential optimization of the project includes the additional expansion of the current oxide material, which may have the potential to increase the project's overall IRR and NPV by increasing the throughput during the oxide phase. During the 2017 season a total of 27 holes were drilled in an area to the north of the current resource area. Using results of the previously completed RAB (Rotary Air Blast) drilling, ground resistivity and soil geochemistry, a series of vertical holes, spaced roughly 50 metres apart were drilled. The hole pattern was designed to determine if the current oxide resource could be expanded to the north as well as to establish boundaries to the current oxide resource. The results of the 2017 program demonstrated the potential for expansion of the current oxide resource at Golden Summit to the north with the majority of the holes returning average grades above the internal cut-off used in the PEA. The oxide cap is contained largely within the upper 200 feet (60 metres) of the resource. To date resource drilling has been confined to a 300 metre by 1.5 km area (approx. 110 acres) however the entire Golden Summit project area covers 13,000 acres and hosts numerous other significant exploration targets with potential to host additional resources, all of which have an oxide cap in the upper 200 feet (60 metres).

The technical disclosure contained in the MD&A has been reviewed and approved by Alvin Jackson, P. Geo., Vice President Exploration and Development for the Company, who is a "Qualified Person" under National Instrument 43-101.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for Freegold for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes:

	Years Ended December 31 st , (audited)		
	2018	2017	2016
Total revenues	\$Nil	\$Nil	\$Nil
General and administrative expenses – non-stock based	624,626	640,594	491,788
General and administrative expenses – stock compensation	133,615	4,824	486,138
Exploration and evaluation property expenditures	1,104,236	2,509,870	1,986,506
Net loss			
o In total	760,981	338,535	934,716
o Basic and diluted loss per share	0.00	0.00	0.01
Comprehensive loss before income taxes			
o In total	753,073	247,968	956,990
o Basic and diluted comprehensive loss per share	0.00	0.00	0.01
Totals assets	38,148,331	37,662,905	36,407,348
Total non-current liabilities	230,033	220,655	834,650
Cash dividends declared	Nil	Nil	Nil

The comprehensive loss for the fiscal year ended December 31st, 2018 increased to \$753,073 from a comprehensive loss of \$247,968 incurred during fiscal 2017 mainly due to share-based compensation of \$133,615 in 2018. The 2017 year included a gain on forgiveness of debt of \$318,465.

The comprehensive loss for the fiscal year ended December 31st, 2017 decreased to \$247,968 from a comprehensive loss of \$956,990 incurred during fiscal 2016 mainly due to share-based compensation of \$486,138 in 2016 and a gain on forgiveness of debt of \$318,465 in 2017.

RESULTS OF OPERATIONS

Year ended December 31st, 2018

General and administrative expenses for the year ended December 31st, 2018 were \$758,241 an increase of \$112,823 compared to \$645,418 for the year ended December 31st, 2017. The changes in comprehensive loss were mainly attributable to:

- a decrease of \$10,084 in consulting fees, from \$27,617 in 2017 to \$17,533;
- an increase of \$7,354 in promotion and shareholder relations, from \$73,849 in 2017 to \$81,203. The increase was mainly attributable to activities to increase investor awareness;
- a decrease of \$19,019 in travel expenses, from \$104,818 in 2017 to \$85,799. These expenses were mainly attributable to activities to increase investor awareness, to facilitate additional financing requirements and to pursue possible joint ventures;
- an increase of \$128,791 in non-cash share-based compensation expense that were charged upon the granting of long-term incentive stock options, from \$4,824 in 2017 to \$133,615 in 2018;
- a decrease of \$5,870 in interest income from \$7,643 in 2017 to \$1,773, due to a decrease in cash on hand;

All other general and administrative costs were relatively similar to those incurred in the previous year.

During the year ended December 31st, 2018, the Company incurred the below acquisition and exploration and evaluation property expenditures:

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31 st , 2017	\$ 3,081,164	\$ 198,546	\$ 3,279,710
Additions	88,655	-	88,655
Balance, December 31 st , 2018	\$ 3,169,819	\$ 198,546	\$ 3,368,365
Exploration and evaluation costs			
Balance, December 31 st , 2017	\$ 28,654,287	\$ 4,461,653	\$ 33,115,940
Assaying	-	30,398	30,398
Camp costs	-	87,171	87,171
Drilling	-	283,012	283,012
Engineering and consulting	110	34,800	34,910
Geological and field expenses	12,490	84,547	97,037
Helicopter support	-	172,493	172,493
Land maintenance and tenure	65,270	23,810	89,080
Legal	8,088	-	8,088
Metallurgical studies	-	18,165	18,165
Personnel	46,280	201,996	248,276
Travel	-	35,606	35,606
Total incurred during December 31 st , 2018	\$ 132,238	\$ 971,998	\$ 1,104,236
Balance, December 31 st , 2018	\$ 28,786,525	\$ 5,433,651	\$ 34,220,176
Total	\$ 31,956,344	\$ 5,632,197	\$ 37,588,541

The decrease in cash of \$680,366 for the year ended December 31st, 2018 was mainly attributable \$916,525 net proceeds received from financing activities less the annual loss of \$760,981 and \$1,163,310 incurred on mineral exploration and acquisition costs. This compares to a decrease in cash of \$1,525,229 for the year ended December 31st, 2017 that was mainly attributable \$1,896,424 net proceeds received from financing activities less the annual loss of \$338,535 and \$2,825,408 incurred on mineral exploration and acquisition costs.

Three month period ended December 31st, 2018

The three month period ended December 31st, 2018 resulted in a net comprehensive loss of \$19,272 which was lower than the net comprehensive loss of \$318,110 for the three month period ended September 30th, 2018. The loss in the three month period ended December 31st, 2018 was reduced by a reallocation of \$120,667 in salary to the Company's exploration and evaluation properties.

The other changes in net comprehensive loss from September 30th, 2018 to December 31st, 2018 were mainly attributable to:

- an increase of \$38,830 in professional fees, from \$67,599 on September 30th, 2018 to \$106,429 on December 31st, 2018 as the Company accrued the estimated cost of the 2018 annual audit;
- an increase of \$24,525 in promotion and shareholder relations, from \$56,678 on September 30th, 2018 to \$81,203 on December 31st, 2018. The increase was mainly attributable to activities to increase investor awareness;
- an increase of \$34,826 in travel expenses, from \$50,973 on September 30th, 2018 to \$85,799 on December 31st, 2018. The increase was mainly attributable to activities to increase investor awareness, to facilitate additional financing requirements and to pursue possible joint ventures;

All other general and administrative costs were relatively similar to those incurred in the previous three month period.

During the three month period ended December 31st, 2018, the Company incurred the following acquisition and exploration and evaluation property expenditures:

	Golden Summit Property		Shorty Creek Property		Total
Acquisition costs					
Balance, September 30 th , 2018	\$	3,150,319	\$	198,546	\$ 3,348,865
Additions		19,500		-	19,500
Balance, December 31 st , 2018	\$	3,169,819	\$	198,546	\$ 3,368,365
Exploration and evaluation costs					
Balance, September 30 th , 2018	\$	28,692,016	\$	5,184,854	\$ 33,876,870
Assaying		-		15,333	15,333
Camp costs		-		16,271	16,271
Drilling		-		7,165	7,165
Engineering and consulting		110		7,177	7,287
Geological and field expenses		2,484		4,907	7,391
Land maintenance and tenure		42,968		18,000	60,968
Legal		3,726		-	3,726
Personnel		45,221		179,944	225,165
Total incurred during December 31 st , 2018	\$	94,509	\$	248,797	\$ 343,306
Balance, December 31 st , 2018	\$	28,786,525	\$	5,433,651	\$ 34,220,176
Total	\$	31,956,344	\$	5,632,197	\$ 37,588,541

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with IFRS:

	Quarters Ended (unaudited)							
	Dec. 31 st 2018	Sept. 30 th 2018	June 30 th 2018	Mar. 31 st 2018	Dec. 31 st 2017	Sept. 30 th 2017	June 30 th 2017	Mar. 31 st 2017
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net comprehensive (loss) income – before tax	(19,272)	(318,110)	(227,636)	(195,963)	405,083	(205,347)	(187,724)	(259,980)
Net comprehensive (loss) income per share	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)
Total assets	38,148,331	37,884,114	37,149,516	37,426,486	37,662,905	38,038,616	36,206,296	36,098,863

The Company's exploration expenses generally tend to be lower during winter months as much of the field exploration is carried out during the summer season. In particular, the Shorty Creek drill season is limited largely from May to September, although drilling is possible year-round at Golden Summit.

Liquidity and capital resources

At December 31th, 2018, the Company's working capital, defined as current assets less current liabilities, was a deficit of \$650,785 compared to positive working capital of \$233,627 at December 31st, 2017. The Company has current liabilities of \$849,587 of which \$291,458 relates to trade payables and accrued liabilities and \$558,129 is owed to related parties. On October 26, 2018, the Company closed a non-brokered private placement of 14,935,000 ("Units"), priced at Cdn\$0.08 per Unit for total proceeds of Cdn\$1,194,800 (\$918,794). Each Unit consists of one common share (a

“Share”) and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to acquire an additional Share at a price of Cdn\$0.12 per Share for a period of 36 months from the date of closing. The Company will be required to seek additional financing for working capital and funding for potential further exploration activities at Golden Summit. In March 2019, the Company announced an option agreement with South32 whereby South32 has the option to earn a 70% interest in the Shorty Creek Property by committing \$30 million. The 2019 program will consist of a guaranteed minimum \$2 million exploration program.

Significant Accounting Judgments, Estimates and Assumptions

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

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the year ended December 31st 2018.

Going Concern Assumption

The recoverability of amounts shown for exploration and evaluation properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company does not have a source of revenue and is dependent on equity financings to fund its activities. The Company did not have positive working capital at December 31st, 2018 and the Company endeavors to manage the cash position prudently through ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital will not be sufficient to fund the Company's planned activities through 2019.

Interests in Mining Properties and Exploration and Development Expenditures

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to exploration and evaluation properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization could be different from those predicted by drilling, sampling and similar tests;

- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and
- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

Share-Based Payments, Warrants and Compensation Options

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the consolidated financial statements for the year ended December 31st, 2018.

The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

Restoration and Environmental Obligations

Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While, the Company has not commenced operations on its mining properties and the principal projects are in the exploration stage, certain exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site for the Golden Summit Project. As such, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

Contractual Commitments

The following table discloses, as of December 31st, 2018, the Company's contractual obligations, including anticipated mineral property payments and work commitments. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interest in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

The Company is committed under exploration and evaluation property option agreements to pay cash and incur exploration expenditures as outlined in the table below but has the ability to reduce or terminate the option agreements upon appropriate notice.

		2019	2020	2021	2022	2023	* 2024 and beyond	Total
Golden Summit payments	\$	172,155	166,500	414,000	379,000	379,000	379,000	\$ 1,889,655
Golden Summit exploration	\$	418,720	95,000	95,000	95,000	95,000	95,000	\$ 893,720
Total	\$	590,875	261,500	509,000	474,000	474,000	474,000	\$ 2,783,375

*Annual amounts

For more detailed information on the Company's statutory property payments and exploration commitments, see the Company's Annual Information Form for the year ended December 31st, 2018 and note 4 to the Company's audited financial statements for the year ended December 31st, 2018.

The Company has future commitments related to payments required under an office lease and a photocopier lease agreements (amounts in Canadian dollars).

	< 1 year (Cdn\$)	2-5 years (Cdn\$)	Total (Cdn\$)
Office lease - Vancouver	66,434	189,810	256,244
Photocopier lease payments	4,006	9,014	13,020
Total	70,440	198,824	269,264

See Note 11 of the Company's consolidated financial statements for the year ended December 31st, 2018.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

On January 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. The effect of initially applying this standard did not have a material impact on the Company's financial statements. A number of other new standards are also effective from January 1, 2018; however, are also not considered to have a material impact on the Company's financial statements.

IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. There was no material impact to the Company's consolidated financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out in Note 2(d) in the audited consolidated financial statements for the year ended December 31, 2018.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31st, 2018, amounts receivable of \$58,672 (December 31st, 2017 - \$66,318) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of \$4,547 (December 31st, 2017 - \$7,020), interest receivable of \$129 (December 31st, 2017 - \$140) and other receivables of \$53,996 (December 31st, 2017 - \$59,158). As a result, credit risk is considered insignificant.

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 manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31st, 2018, the Company had cash of \$99,989 to settle current liabilities of \$849,587 which have contractual maturities of less than 30 days and are subject to normal trade terms.

Currency Risk

Foreign currency exchange risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31st, 2018 and 2017:

	December 31 st , 2018 (Cdn\$)	December 31 st , 2017 (Cdn\$)
Cash and cash equivalents	123,079	850,972
Trade payables and accrued liabilities	236,818	209,138
Due to related parties	761,400	535,202

A 1% change in Canadian/US foreign exchange rate at year-end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately \$8,751 for the year ended December 31st, 2018 compared to \$1,066 for the year ended December 31st, 2017.

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

Interest Rate Risk

The Company is not subject to interest rate risk.

Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

SUBSEQUENT EVENTS

On January 1, 2019, 700,000 options with an exercise price of \$0.25 expired unexercised.

On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited ("South32") whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of \$10 million over a 4-year option period with minimum exploration expenditures of \$2 million in Years 1 and 2, and \$3 million in Years 3 and 4 for an aggregate of \$10 million.

Provided that all exploration data and information has been made available by December 31 of each year of the option agreement, South32 shall decide within 30 days whether to fund a further tranche. The first year expenditure of a minimum \$2 million is a firm commitment. Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing \$30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company, the parties will contribute funding on a pro rata basis (70% and 30% to South 32 and the Company, respectively), as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee, formed by the Company and South32, for the purpose of reviewing and approving each year's program.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 26th, 2019, there were 188,953,906 outstanding common shares compared to 174,018,906 outstanding shares at December 31st, 2017.

The increase reflects the 14,935,000 shares at Cdn\$0.08 issued pursuant to the October 26th, 2018 non-brokered private placement.

As at March 26th, 2019 there were 51,771,637 warrants outstanding.

Number Outstanding on March 26th, 2019	Exercise Price per Share Cdn\$	Expiry Date
20,230,883	\$0.25	May 20 th , 2019
2,832,324	\$0.18	May 20 th , 2019
12,521,300	\$0.18	September 19 th , 2019
1,252,130	\$0.12	September 19 th , 2019
14,935,000	\$0.12	October 26 th , 2021
Total	51,771,637	

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the consolidated financial statements for the year ended December 31st, 2018.

As at March 26th, 2019 there were 7,720,000 stock options outstanding as disclosed in the below table:

Number Outstanding March 26th, 2019	Number Exercisable March 26th, 2019	Exercise Price per Share Cdn\$	Expiry Date
150,000	150,000	\$ 0.20	July 23 rd , 2019
150,000	150,000	\$ 0.12	July 28 th , 2020
4,220,000	4,220,000	\$ 0.21	July 8 th , 2021
50,000	50,000	\$ 0.155	April 6 th , 2022
3,150,000	3,150,000	\$ 0.10	July 23 rd , 2023
Total	7,720,000	7,720,000	

RELATED PARTY TRANSACTIONS

The Company considers the President and Chief Executive Officer, Chief Financial Officer, Vice-President of Exploration and Development, Corporate Secretary, directors and any companies controlled by these parties to be key management personnel.

A summary of compensation paid to key management personnel is as follows:

	December 31st, 2018	December 31st, 2017
Kristina Walcott - President and CEO *	\$ 159,326	\$ 159,830
Alvin Jackson - VP Exploration and Development *	159,326	159,830
Gordon Steblin - CFO	61,520	61,714
Taryn Downing - Corporate Secretary	9,228	22,526
Stock based compensation	133,615	-
Total	\$ 523,015	\$ 403,900

*During the year ended December 31st, 2018, \$224,931 (December 31st, 2017, \$225,642) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

A summary of amounts due to related parties is as follows:

	December 31 st , 2018	December 31 st , 2017
Kristina Walcott - President and CEO	\$ 239,686	\$ 186,163
Alvin Jackson - VP Exploration and Development	234,340	180,351
Gordon Steblin - CFO	64,538	42,100
Taryn Downing - Corporate Secretary	19,565	18,012
Total	\$ 558,129	\$ 426,626

Key management personnel include individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with other members of management, evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as at the financial year ended December 31st, 2018. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective as at December 31st, 2018 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities and that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation was recorded, processed, summarized and reported within the periods specified in securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO, together with other members of management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at the financial year ended December 31st, 2018. Based on that evaluation, the CEO and CFO concluded that the design and operation of internal controls over financial reporting were effective as at December 31st, 2018 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. In designing and implementing such controls, it should be recognized that any system of the internal control over financial reporting, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and may not prevent or detect all misstatements due to error or fraud.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31st, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

The Company believes that the following items represent significant areas for consideration.

Cash Flows and Additional Funding Requirements

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available to continue to carry on its business and develop its mineral properties.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Commodity Prices

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Foreign Political Risk

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Title to Properties

Acquisition of rights to the exploration and evaluation properties is a very detailed and time-consuming process. Title to, and the area of, exploration and evaluation properties may be disputed. Although the Company has made reasonable efforts to investigate the title to all of the properties for which it holds mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

Estimates of Mineral Resources

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Foreign Currency Risk

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

OUTLOOK

Given the results of the Golden Summit PEA, the next significant step for the Golden Summit Project, subject to arranging appropriate financing, would be the preparation of a Preliminary Feasibility Study. The Company is seeking additional financing and/or joint venture opportunities to further develop this Project. A significant advantage for the project to keep the initial capital expenditures at a minimum is the superb supporting infrastructure in the immediate vicinity of the property, as well as in the broader region. The city of Fairbanks (population 100,000) is a 30 minute drive via paved highway while industrial scale grid power and rail transport are available nearby. Additional drilling, metallurgical testing, environmental analyses, other permitting and property confirmation activities will need to be undertaken as part of this next level of study. In the near term, particular emphasis will be placed on planning additional drilling aimed at expanding the current oxide resource. Geophysical, geochemical and geological results had identified three primary areas in which drilling should be focused. Drilling during 2017 was focused on the area to the north of the oxide resource and the results indicate that the oxide mineralization extends to the north. Both the areas to the west and southwest remain untested by additional drilling. These areas represent high priority areas for further oxide expansion.

In addition to the studies being planned at Golden Summit, exploration is continuing at Shorty Creek as a result of the encouraging results obtained from the 2015 - 2018 field programs. In 2015, the first core drilling was undertaken at Shorty Creek. Hole SC 15-03 confirmed that copper mineralization present at Hill 1835 is associated with a magnetic high. Drilling during 2016 focused on both Hill 1835 in the area of the 2015 drilling as well as Hill 1710 where a broad magnetic anomaly with coincident copper and molybdenum in soil anomaly was identified. Seven holes were completed in the 2016 program for a total of 3,038 metres (9,966 feet).

The 2016 drill program successfully confirmed the presence of a copper-gold-molybdenum porphyry system at the Shorty Creek Project within the 100 sq. km property. The airborne magnetic survey has identified several northeast trending magnetic highs. Copper-gold mineralization and associated porphyry alteration has been intersected in drill holes at Hill 1835 while copper-molybdenum mineralization has been confirmed at Hill 1710.

The 2017 program at Shorty Creek was aimed at expanding the mineralization at Hill 1835, an already large scale porphyry target. Results from the drilling at Hill 1835 has indicated continuous mineralization both laterally and to depth.

Drilling at Hill 1835 in 2018 (2 holes – 1,166 metres) continued to intersect broad zones of copper mineralization over significant widths consistent with previous drill results in the 1835 target area.

Drilling at Hill 1835 is still early stage with the spacing between holes averaging 120 metres and a large untested area remaining. Considerable infill drilling will be necessary in order to define an indicated resource, however, each hole drilled to date has intersected broad zones of mineralization, despite the wide spacing, and results continue to confirm both the grade and overall tonnage potential of this sizeable target area. Several additional targets remain to be tested, including the Quarry target which is a geophysical and geochemical target with outcropping feldspar porphyry with up to 0.05% copper in the outcropping oxide material.

On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited (“South32”) whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the “Project”). To maintain the option in good standing, South32 must contribute minimum exploration funding of \$10 million over a 4-year option period with minimum exploration expenditures of \$2 million in Years 1 and 2, and \$3 million in Years 3 and 4 for an aggregate of \$10 million.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing \$30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee, formed by the Company and South32, for the purpose of reviewing and approving each year’s program.

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management’s expectations with respect to, among other things, the size and quality of the Company’s mineral resources, progress in development of mineral properties, and the amount and quality of metal products recoverable from the Company’s mineral resources. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.