



SIGNATURE RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

JULY 31, 2018, AND 2017

Notice of No Auditor Review of Interim Financial Statements

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

The management of Signature Resources Ltd. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statement have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These unaudited condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

“Walter Hanych”

“Jonathan Held”

Walter Hanych,
Chief Executive Officer

Jonathan Held,
Chief Financial Officer

September 28, 2018

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian dollars)

	Note	July 31 2018	October 31 2017
		\$	\$
ASSETS			
CURRENT			
Cash		636,242	270,180
Short-term investments	4	450,000	-
Amounts receivable		78,576	13,112
Prepaid expenses and deposit		46,132	43,708
Total current assets		1,210,950	327,000
Equipment	5	99,513	20,260
Exploration and evaluation assets	6	4,619,306	3,425,330
Total assets		5,929,769	3,772,590
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7,9	1,190,118	1,090,710
Deferred premium liability	14	36,226	8,749
Rehabilitation provision	10	14,004	13,775
Total current liabilities		1,240,348	1,113,234
Rehabilitation provision	10	249,173	243,202
Total liabilities		1,489,521	1,356,436
SHAREHOLDERS' EQUITY			
Share capital	8	5,842,755	3,698,212
Shares to be issued	8	78,000	213,239
Contributed surplus		1,294,887	855,847
Deficit		(2,775,394)	(2,351,144)
Total shareholders' equity		4,440,248	2,416,154
Total liabilities and shareholders' equity		5,929,769	3,772,590

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
 COMMITMENTS AND CONTINGENCIES (Note 11)

"Signed"

 Keith McDowell, Director

"Signed"

 Stephen Timms, Director

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31,
(Expressed in Canadian dollars)

	Three months ended,		Nine months ended,	
	2018	2017	2018	2017
	\$	\$	\$	\$
GENERAL AND ADMINISTRATION				
Salaries and wages (Note 7)	66,200	60,000	187,800	180,000
Office and general	53,574	20,328	150,849	101,726
Professional fees	37,389	6,000	76,948	19,010
Accretion expense (Note 10)	2,083	2,018	6,200	6,006
Share-based payments (Notes 7 & 8)	40,670	8,082	111,441	34,564
NET LOSS BEFORE OTHER ITEMS	(199,916)	(96,428)	(533,238)	(341,306)
Premium on flow-through shares income (Note 14)	61,322	4,557	108,412	24,668
Other income (expense)	576	(413)	576	805
NET LOSS AND COMPREHENSIVE LOSS	(138,018)	(92,284)	(424,250)	(315,833)
LOSS PER SHARE, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares, basic and diluted	84,987,849	41,659,319	80,849,773	40,736,393

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED JULY 31,
(Expressed in Canadian dollars)

	Nine months ended,	
	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(424,250)	(315,833)
Items not affecting cash:		
Accretion expense (Note 10)	6,200	6,006
Share-based payments (Note 8)	111,441	34,564
Premium on flow-through shares income (Note 14)	(108,412)	(24,668)
	(415,021)	(299,931)
Changes in non-cash working capital items:		
Amounts receivable	(65,464)	24,469
Prepaid expenses and deposit	(2,424)	(14,384)
Accounts payable and accrued liabilities	99,408	8,498
Cash flows used in operating activities	(383,501)	(281,348)
FINANCING ACTIVITIES		
Shares to be issued related to private placement (Note 8)	(74,000)	-
Proceeds from private placement (Note 8)	1,811,600	321,496
Share issuance costs (Note 8)	(82,252)	(27,932)
Exercise of warrants (Note 8)	217,444	50,638
Cash flows from financing activities	1,872,792	344,202
INVESTING ACTIVITIES		
Short-term investments (Note 4)	(450,000)	300,000
Expenditures on exploration and evaluation assets (Note 6)	(582,324)	(350,413)
Expenditures on equipment (Note 5)	(90,905)	-
Government assistance received (Note 6)	-	100,000
Cash flows from (used in) investing activities	(1,123,229)	49,587
Change in cash during the period	366,062	112,441
Cash, beginning of period	270,180	50,568
Cash, end of period	636,242	163,009
Non-cash activities:		
Depreciation included in exploration and evaluation assets	\$ 11,652	\$ 4,741
Finders' warrants issued	\$ 26,642	\$ 15,876
Issuance of shares for acquisition of Lingman Property	\$ 600,000	-

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JULY 31, 2018 AND 2017
(Expressed in Canadian dollars)

	Number of Shares	Number of Shares to be Issued	Share Capital	Shares to be Issued	Contributed Surplus	Deficit	Total
			\$	\$	\$	\$	\$
Balance, October 31, 2016	64,795,429	-	3,394,357	-	824,942	(1,926,405)	2,292,894
Private placement (Note 8)	2,473,045	-	321,496	-	-	-	321,496
Issuance of warrants (Note 8)	-	-	(15,876)	-	15,876	-	-
Exercise of warrants (Note 8)	1,012,750	-	62,020	-	(11,382)	-	50,638
Share issuance costs (Note 8)	-	-	(27,932)	-	-	-	(27,932)
Premium on flow-through shares (Note 14)	-	-	(37,096)	-	-	-	(37,096)
Share-based payments (Note 8)	-	-	-	-	34,564	-	34,564
Net loss and comprehensive loss for the period	-	-	-	-	-	(315,833)	(315,833)
Balance, July 31, 2017	68,281,224	-	3,696,969	-	864,000	(2,242,238)	2,318,731
Balance, October 31, 2017	68,301,524	2,862,500	3,698,212	213,239	855,847	(2,351,144)	2,416,154
Private placement (Note 8)	16,714,258	(1,212,500)	1,811,600	(74,000)	-	-	1,737,600
Issuance of warrants (Note 8)	-	-	(427,456)	-	427,456	-	-
Acquisition of Lingside Property (Notes 6 & 8)	5,000,000	-	600,000	-	-	-	600,000
Exercise of warrants (Note 8)	5,348,870	(1,000,000)	378,540	(61,239)	(99,857)	-	217,444
Share issuance costs (Note 8)	-	-	(82,252)	-	-	-	(82,252)
Premium on flow-through shares (Note 14)	-	-	(135,889)	-	-	-	(135,889)
Share-based payments (Note 8)	-	-	-	-	111,441	-	111,441
Net loss and comprehensive loss for the period	-	-	-	-	-	(424,250)	(424,250)
Balance, July 31, 2018	95,364,652	650,000	5,842,755	78,000	1,294,887	(2,775,394)	4,440,248

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

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Signature Resources Ltd. (the "Company") was incorporated on May 3, 2010, under the British Columbia Business Corporations Act. The Company's principal business activities include the acquisition and exploration of mineral properties in Canada. The Company's common shares are publicly traded on the TSX-Venture Exchange ("TSXV") under the stock symbol "SGU" and on the OTCQB under the symbol "SGGTF". The Company's head office address is 200-366 Bay Street, Toronto, ON M5H 4B2.

At July 31, 2018, the Company had not yet determined whether its properties contained ore reserves that are economically recoverable. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at July 31, 2018, the Company has an accumulated deficit of \$2,775,394 (October 31, 2017 - \$2,351,144), a working capital deficiency of \$29,398 (October 31, 2017 - \$786,234), and is not yet generating positive cash flows from operations. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue its operations as a going concern and to realize its assets as their carrying values are dependent upon obtaining additional financing and for generating revenues sufficient to cover its operating costs.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The ability of the Company to raise sufficient capital cannot be predicted at this time.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The Company's condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Accordingly, these condensed consolidated interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 28, 2018.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cool Minerals Inc. All intercompany amounts and transactions have been eliminated on consolidation.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company's annual financial statements for the year ended October 31, 2017.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i. Exploration and evaluation expenditures

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

ii. Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

iii. Estimation of restoration, rehabilitation and environmental obligation:

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

- (i) Effective for annual periods beginning on or after November 1, 2018:

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRIC 23 - Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will have on the condensed consolidated interim financial statements.

4. SHORT-TERM INVESTMENTS

As at July 31, 2018, the Company has invested in \$450,000 in redeemable guaranteed investment certificates. The guaranteed investment certificates have rates ranging from 0.95% to 1.2% with maturity dates ranging from November 21, 2018, through July 3, 2019.

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

5. EQUIPMENT

	Computer and communication equipment		Vehicles	Equipment	Total
Cost					
Balance, October 31, 2017	\$	5,234	\$ 9,299	\$ 12,895	\$ 27,428
Additions		-	-	90,905	90,905
Balance, July 31, 2018	\$	5,234	\$ 9,299	\$ 103,800	\$ 118,333
Accumulated Depreciation					
Balance, October 31, 2017	\$	2,001	\$ 2,170	\$ 2,997	\$ 7,168
Depreciation for the period		1,308	1,395	8,949	11,652
Balance, July 31, 2018	\$	3,309	\$ 3,565	\$ 11,946	\$ 18,820
Net Book Value					
Balance, July 31, 2018	\$	1,925	\$ 5,734	\$ 91,854	\$ 99,513
Balance, October 31, 2017	\$	3,233	\$ 7,129	\$ 9,898	\$ 20,260

6. EXPLORATION AND EVALUATION ASSETS

	Lingman Lake
	\$
Balance, October 31, 2016	3,180,166
Consulting expenses	120,000
Assay	47,392
Geological consulting	56,357
Contract labour	13,400
Logistics	9,961
Travel and lodging	45,165
Equipment rentals	2,500
Depreciation	6,287
Field supplies	6,445
Staking	37,657
Government assistance received	(100,000)
Balance, October 31, 2017	3,425,330
Consulting expenses	97,400
Geological consulting	5,175
Contract labour	32,230
Logistics	79,855
Travel and lodging	16,515
Equipment rentals	5,026
Depreciation	11,652
Field supplies	47,312
Airborne survey	191,189
Staking	7,900
Geophysical consulting	40,132
Drilling	50,000
Acquisition costs	609,590
Balance, July 31, 2018	4,619,306

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

6. EXPLORATION AND EVALUATION ASSETS (continued)Lingman Lake

On September 26, 2013, the Company acquired a 100% interest in the Lingman Lake gold properties in Ontario. A payment of \$200,000 was required to be made 12 months following exercise of the option. On February 11, 2015, the Company satisfied the \$200,000 payment by completing a shares for debt transaction.

East Lingman Lake

On July 5, 2016, the Company completed its acquisition of the East Lingman Lake Properties consisting of twelve staked claims. To complete the acquisition, the Company issued 14,231,178 common shares at \$0.05 per share.

During the year ended October 31, 2017, the Company's Lingman Lake property qualified under the provisions of the Junior Exploration Assistance Program ("JEAP") and received the maximum allowed grant of \$100,000. The JEAP provides funds up to 33.33% of the Company's eligible expenditures related to its Lingman Lake project and were recorded as a reduction to the carrying value of the properties.

Lingside Property

On May 15, 2018, the Company signed a binding asset purchase agreement (the "Agreement") to acquire the Lingside Property (the "Property"), a property consisting of 14 patented mineral rights claims located in the Kenora District, Province of Ontario totaling 275.5 hectares.

Pursuant to the terms of the Agreement, Signature shall pay to the vendor \$600,000, payable by the delivery of 5,000,000 common shares in the capital of the Company at a deemed issue price of \$0.12 per common share, and will grant to the vendor a 3% net smelter returns royalty (the "Royalty") applicable to minerals produced from the Property. The Company may at any time repurchase one-half of the Royalty for \$1,500,000. On June 25, 2018, the Company announced the closing of this Property and issued 5,000,000 common shares of the Company at a deemed issue price of \$0.12 per common share for aggregate consideration of \$600,000 (Note 8).

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Transactions with related parties are incurred in the normal course of business and are measured at their fair values, which is the amount of consideration established and approved by the related parties. As at July 31, 2018, the Company owes \$27,466 (October 31, 2017 - \$90,040) to executives of the Company for unpaid salaries and wages which remains in accounts payable. These amounts are included in accounts payable and accrued liabilities and are unsecured, non-interest bearing and due on demand (Note 9).

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

8. SHARE CAPITAL**a) Authorized**

Unlimited number of common shares without par value.

b) Issued and outstanding – see consolidated statements of changes in equity.

On December 30, 2016, the Company closed a private placement of flow-through common shares issued for aggregate gross proceeds of \$321,496. The financing comprised of the issuance of 2,473,045 flow-through shares which were issued at a price of \$0.13. The Company paid finder's fees including \$22,050 in cash and issued 169,613 warrants to qualified finders in connection with the financing. Total issuance costs were \$27,932. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.13 until December 30, 2018 and was valued at \$15,876. Officers and directors of the Company subscribed for 50,000 shares for gross proceeds of \$6,500. The premium on the flow-through shares was \$37,096 (Note 14).

During the year ended October 31, 2017, 1,033,050 warrants were exercised for cash proceeds of \$51,653. The initial value of \$11,610 related to the warrants' original issuance was reclassified from contributed surplus to share capital.

On December 22, 2017, the Company completed a non-brokered private placement via two tranches, raising total gross proceeds of \$757,000 from the issuance of 3,400,000 units at \$0.08 per unit and 4,850,000 flow-through units at \$0.10 per unit. Cash proceeds of \$152,000, related to the first tranche of the private placement on November 14, 2017, was received prior to October 31, 2017 and was included in shares to be issued as at October 31, 2017 (Note 8(c)). Each unit consisted of one common share and one common share purchase warrant, with each warrant being exercisable into one common share at a price of \$0.15 for a period of two years. Each flow-through unit consisted of one common share of the Company issued on a flow-through basis and one half of one warrant, with each whole warrant being exercisable into one common share at a price of \$0.15 for a period of two years. The Company issued a total of 5,825,000 warrants with a value of \$213,225 in connection with this private placement. The Company also issued finder's warrants to purchase 388,000 common shares, exercisable for a period of two years at a price of \$0.10 per share and valued at \$17,858. With respect to the warrants and finder's warrants, if the Company's closing share price is equal to or greater than \$0.25 for ten consecutive days, the Company may reduce the remaining life to 90 days by issuing a press release. Total issuance costs of \$48,885 were incurred in connection with this private placement. The total premium on the flow-through shares was \$97,000 (Note 14).

In connection with the closing of the first tranche of the private placement on November 14, 2017, 2,500,000 warrants were exercised, of which \$50,000 proceeds for 1,000,000 warrants was received prior to October 31, 2017 and was included in shares to be issued (Note 8(c)). During the nine months ended July 31, 2018, the Company received \$75,000 from the exercise of the remaining 1,500,000 warrants at an exercise price of \$0.05. The initial value of \$16,859 related to the warrants' original issuance was reclassified from contributed surplus to share capital.

On November 17, 2017, 1,670,000 warrants were exercised for cash proceeds of \$83,500. The initial value of \$19,525 related to the warrants' original issuance was reclassified from contributed surplus to share capital.

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

8. SHARE CAPITAL (continued)

- b) Issued and outstanding – see consolidated statements of changes in equity. (continued)

On June 25, 2018, the Company closed the first tranche (the “First Tranche”) of a non-brokered private placement for gross proceeds of \$600,000 by issuing 5,000,000 non-flow-through units at \$0.12 per unit. No finders’ fees were issued in conjunction with the closing of the First Tranche. Each non-flow-through unit consists of one common share of the Company and one warrant. Each warrant is exercisable for a period of two years at a price of \$0.25 per share from the date of issuance. The Company issued a total of 5,000,000 warrants with a value of \$162,576 in connection with this private placement. With respect to the warrants, if the Company’s closing share price is equal to or greater than \$0.40 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release.

On June 25, 2018, the Company announced the closing of the Lingside Property, under which it has issued 5,000,000 common shares of the Company at a deemed issue price of \$0.12 per common share for aggregate consideration of \$600,000 (Note 6).

On July 24, 2018, the Company closed the second tranche (the “Second Tranche”) of a non-brokered private placement for gross proceeds of \$454,600, bringing the total raised to \$1,054,600. The Company issued 871,666 non-flow-through units at \$0.12 per unit and 2,592,592 flow-through common shares at \$0.135 per share. Each flow-through share consists of one flow-through common share. The Company issued a total of 871,666 warrants with a value of \$25,013 in connection with this private placement. The Company also issued finder’s warrants to purchase 181,481 common shares, exercisable for a period of two years at a price of \$0.135 per share and valued at \$8,784. Total issuance costs of \$42,951 were incurred in connection with this private placement. The total premium on the flow-through shares was \$38,889 (Note 14).

On July 24, 2018, 1,178,870 warrants were exercised for cash proceeds of \$58,944. The initial value of \$63,474 related to the warrants’ original issuance was reclassified from contributed surplus to share capital.

- c) Shares to be issued

Cash proceeds of \$152,000, related to the first tranche of the private placement on November 14, 2017, was received prior to October 31, 2017 (Note 8(b)). The Company also received cash proceeds of \$50,000 related to the exercise of 1,000,000 warrants at an exercise price of \$0.05 prior to October 31, 2017 (Note 8(b)). The initial value of \$11,239 related to the warrants’ original issuance was reclassified from contributed surplus to shares to be issued. During the period ended July 31, 2018, the total value of \$213,239 in shares to be issued was transferred to share capital. During the period ended July 31, 2018, the Company received cash proceeds of \$78,000 related to a third tranche of the private placement announced on May 15, 2018, which had not yet closed as of July 31, 2018.

SIGNATURE RESOURCES LTD.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018, AND 2017****(Expressed in Canadian Dollars)**

8. SHARE CAPITAL (continued)

d) Stock option plan

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

	Number of Options		Weighted Average Exercise Price
Balance at October 31, 2016	3,875,000	\$	0.052
Granted	35,000		0.100
Balance at October 31, 2017	3,910,000	\$	0.054
Expired	(250,000)		0.050
Granted	2,900,000		0.080
Balance at July 31, 2018	6,560,000	\$	0.066

Grant Date	Exercise Price (\$)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
November 6, 2013	0.050	0.27	1,400,000	1,400,000
July 15, 2015	0.050	1.96	250,000	250,000
July 19, 2016	0.055	2.97	1,125,000	1,125,000
August 9, 2016	0.060	3.03	750,000	750,000
August 9, 2016	0.060	1.02	100,000	100,000
January 25, 2017	0.100	0.49	35,000	35,000
March 1, 2018	0.080	4.59	1,750,000	437,500
March 20, 2018	0.080	4.64	1,150,000	287,500
	0.066	3.04	6,560,000	4,385,000

On January 25, 2017, the Company issued 35,000 options to a consultant. The options have an exercise price of \$0.10 and expire on January 25, 2019. The initial 50% of options vested immediately and the remaining 50% vest 6 months from date of issuance.

On March 1, 2018, the Company issued 1,750,000 options to consultants. The options have an exercise price of \$0.08 and expire on March 1, 2023. The options vest 25% at issuance and an additional 25% every six-month anniversary from issuance.

On March 20, 2018, the Company issued 1,150,000 options to directors and officers. The options have an exercise price of \$0.08 and expire on March 20, 2023. The options vest 25% at issuance and an additional 25% every six-month anniversary from issuance.

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8. SHARE CAPITAL (continued)

d) Stock option plan (continued)

The fair value of the Company's stock options issued was estimated using the Black-Scholes option pricing model using the following assumptions:

	July 31, 2018	July 31, 2017
Expected volatility (based on historical share prices)	181%	165%
Risk-free interest rate	1.99%-2.04%	0.76%
Expected life (years)	5	2
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	\$0.06-\$0.07	\$0.10

The compensation expense and charge to contributed surplus relating to the stock options for the nine months ended July 31, 2018 was \$111,441 (2017 - \$34,564). The average fair value of each option granted during the nine months ended July 31, 2018 was approximately \$0.06-\$0.07 (2017 - \$0.08).

(e) Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance at October 31, 2016	27,772,970	\$	0.052
Granted	169,613		0.130
Exercised	(2,033,050)		0.050
Balance at October 31, 2017	25,909,533	\$	0.130
Granted	12,266,147		0.196
Exercised	(4,348,870)		0.050
Expired	(21,391,050)		0.150
Balance at July 31, 2018	12,435,760	\$	0.195

Grant Date	Exercise Price (\$)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
December 30, 2016	0.130	0.42	169,613
November 14, 2017	0.150	1.29	2,725,000
November 14, 2017	0.100	1.29	132,000
December 22, 2017	0.150	1.39	3,100,000
December 22, 2017	0.100	1.39	256,000
June 25, 2018	0.250	1.90	5,000,000
July 24, 2018	0.250	1.98	871,666
July 24, 2018	0.135	1.98	181,481
	0.195	1.61	12,435,760

8. SHARE CAPITAL (continued)

(e) Warrants (continued)

On December 30, 2016, the Company issued 169,613 warrants with an exercise price of \$0.13 per common share, exercisable until December 30, 2018. The fair value for the warrants of \$15,876 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.13, expected volatility of 191%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 0.73%.

On November 14, 2017, the Company issued 2,725,000 warrants with an exercise price of \$0.15 per common share, exercisable until November 14, 2019. The fair value for the warrants of \$97,218 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.15, expected volatility of 140%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.44%.

On November 14, 2017, the Company issued 132,000 finder's warrants of the Company with an exercise price of \$0.10 per common share, exercisable until November 14, 2017. The fair value for the warrants of \$6,824 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.10, expected volatility of 140%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.44%.

On December 22, 2017, the Company issued 3,100,000 warrants with an exercise price of \$0.15 per common share, exercisable until December 22, 2019. The fair value for the warrants of \$116,007 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.15, expected volatility of 138%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.64%.

On December 22, 2017, the Company issued 256,000 finder's warrants of the Company with an exercise price of \$0.10 per common share, exercisable until December 22, 2017. The fair value for the warrants of \$11,034 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.10, expected volatility of 138%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.64%.

On June 25, 2018, the Company issued 5,000,000 warrants of the Company with an exercise price of \$0.25 per common share, exercisable until June 25, 2020. The fair value for the warrants of \$162,576 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.25, expected volatility of 103%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.77%.

On July 24, 2018, the Company issued 871,666 warrants of the Company with an exercise price of \$0.25 per common share, exercisable until July 24, 2020. The fair value for the warrants of \$25,013 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.25, expected volatility of 98%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.97%.

On July 24, 2018, the Company issued 181,481 finder's warrants of the Company with an exercise price of \$0.135 per common share, exercisable until July 24, 2020. The fair value for the warrants of \$8,784 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of \$0.135, expected volatility of 98%, an expected life of 2 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.97%.

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8. SHARE CAPITAL (continued)

(e) Warrants (continued)

The fair value of the Company's warrants issued was estimated using the Black-Scholes option pricing model using the following assumptions:

	July 31, 2018	July 31, 2017
Expected volatility (based on historical share prices)	98%-140%	191%
Risk-free interest rate	1.44%-1.97%	0.73%
Expected life (years)	2	2
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	\$0.07-\$0.12	\$0.12

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31, 2018	As at October 31, 2017
Accounts payable	\$ 241,710	\$ 111,595
Accrued liabilities - MNM ⁽¹⁾	884,325	884,325
Other accrued liabilities	64,083	94,790
	\$ 1,190,118	\$ 1,090,710

(1) Prior to the acquisition of Cool Minerals and the Lingman Lake Property, the MNM had requested the removal of certain above ground storage tanks containing approximately 800,000 litres of fuel that was considered a mine hazard. Due to the failure of the prior owners to comply with MNM's request for it to be cleaned up, MNM took action and managed the disposition of the fuel at a cost of \$884,325.

10. REHABILITATION PROVISION

Rehabilitation represents the legal and contractual obligations associated with the eventual closure of the Company's mining operations either progressively or at the end of the mine life. These obligations consist of costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites. Although the Company has had limited exploration, historical work done by other companies has resulted in the MNM issuing an order to the Company requiring the filing of a closure plan. The Company has not yet prepared a formal closure plan, but has cost estimates for certain tasks which will be required to be completed as part of the request from MNM and has hence recorded a rehabilitation provision based on these preliminary estimates.

At July 31, 2018, the total amount of the Company's rehabilitation provision was estimated, at initial recognition, to be \$230,000 and is expected to be incurred between 2018 and 2020. The present value of the rehabilitation provision at July 31, 2018 has been estimated at \$263,177 (October 31, 2017 - \$256,977), of which \$14,004 (October 31, 2017 - \$13,775) is current. Additional costs that cannot be estimated may be required. A summary of the Company's rehabilitation provision is presented below:

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10. REHABILITATION PROVISION (continued)

	As at July 31, 2018	As at October 31, 2017
Balance at beginning of period	\$ 256,977	\$ 248,937
Accretion expense	6,200	8,040
Balance at end of period	\$ 263,177	\$ 256,977

11. COMMITMENTS AND CONTINGENCIES

As at July 31, 2018, the Company is required to incur the remaining \$326,036 of eligible expenditures in respect of its July 2018 flow-through financing by December 31, 2019 (Note 14).

12. MANAGEMENT OF CAPITAL

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company did not change its approach to capital management during the periods ended July 31, 2018 and 2017.

13. FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments consist of cash, short-term investments, amounts receivable, and accounts payable and accrued liabilities. The fair values of financial instruments other than cash and short-term investments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	As at July 31, 2018	As at October 31, 2017
	\$	\$
FVTPL (i)	1,086,242	270,180
Loans and receivables (ii)	78,576	13,112
Other financial liabilities (iii)	1,190,118	1,090,710

(i) Cash and short-term investments

(ii) Amounts receivable

(iii) Accounts payable and accrued liabilities

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

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

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13. FINANCIAL INSTRUMENTS (continued)

The Company's financial instruments measured at fair value on a recurring basis at July 31, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and short-term investments	1,086,242	-	-	1,086,242
	1,086,242	-	-	1,086,242

The Company's financial instruments measured at fair value on a recurring basis at October 31, 2017 are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and short-term investments	270,180	-	-	270,180
	270,180	-	-	270,180

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as most of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statement of loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred. Total premium liability of \$37,096 was recognized in respect of the December 30, 2016 flow-through financing (Note 8). Total premium liability of \$97,000 was recognized in respect of the December 2017 flow-through financing (Note 8). Total premium liability of \$38,889 was recognized in respect of the July 24, 2018 flow-through financing (Note 8).

During the nine months ended July 31, 2018, \$108,412 (2017 - \$24,668) of the deferred premium liability was recognized as income in the condensed consolidated interim statements of loss and comprehensive loss.

As at July 31, 2018, the total premium liability remaining was \$36,226 (October 31, 2017 - \$8,749) and total remaining commitment was \$326,036 (October 31, 2017 - \$75,826) (Note 11).