



**Allegiant Gold Ltd.  
1090 Hamilton Street  
Vancouver, B.C.  
V6B 2R9  
Canada**

**Management's Discussion and Analysis  
(Unaudited)**

**For the Three Months Ended  
December 31, 2018**

**(Stated in Canadian Dollars)**

**Dated February 20, 2019**

# **Allegiant Gold Ltd.**

## **Management's Discussion and Analysis**

**For the Three Months Ended December 31, 2018**

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted - Unaudited)

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# Allegiant Gold Ltd.

## Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Allegiant Gold Ltd. (the "Company" or "Allegiant") and its subsidiaries' performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 30, 2018, and the accompanying unaudited condensed interim consolidated financial statements for the interim period ended December 31, 2018, both of which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All figures in this MD&A are expressed in thousands of Canadian Dollars except for share and per share amounts, or unless otherwise noted. References to "US\$" are to thousands of US Dollars. "This quarter" or "current quarter" means the three month period ended December 31, 2018. The information contained in this MD&A is current to February 20, 2019.

### Forward looking information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

### Profile and Strategy

Allegiant was incorporated on September 26, 2017 under the laws of the Province of British Columbia, Canada. The Company was a wholly-owned subsidiary of Columbus Gold Corp. ("Columbus Gold"), a Toronto Stock Exchange listed company, until January 25, 2018, when it was spun-out of Columbus Gold by way of a plan of arrangement (the "Arrangement") as a separate entity. The Company obtained its initial listing on the TSX Venture Exchange ("TSXV") on January 30, 2018. The common shares of the Company are also listed on the OTCQX effective February 26, 2018.

On October 1, 2017, the Company acquired Allegiant Gold Holding Ltd. ("AGHL") from Columbus Gold, which indirectly held all of Columbus Gold's exploration and evaluation assets located in the USA.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company's principal business activities are the acquisition, exploration and development of resource properties, with gold as a principal focus. The Company is in the process of exploring and developing its resource properties but has not yet determined whether the properties contain ore reserves that are economically recoverable. The Company maintains active generative (prospecting) and evaluation programs and, as a key element of its strategy, broadens exposure, diversifies funding sources and minimizes risk through joint ventures on selected projects.

The Company's financial condition is affected by general market conditions and conditions specific to the mining industry. These conditions include, but are not limited to, the price of gold and accessibility of debt or equity financing.

### Overall Performance and Updates

The following highlights the Company's overall performance for the three months ended December 31, 2018:

	Three months ended		
	December 31, 2018 (\$)	December 31, 2017 (\$)	% Change
Net loss	(803)	(518)	(55%)
Cash used in operating activities	(392)	(647)	39%
Cash at end of period	2,574	175	1,371%
Loss per share - basic	(0.01)	(10,159)	100%
Loss per share - diluted	(0.01)	(10,159)	100%

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**Discussion of Operations**Exploration and Evaluation Assets

A summary of exploration and evaluation assets by property for the period ended December 31, 2018 is set out below:

<b>Property</b>	<b>Balance at October 1, 2018 (\$)</b>	<b>Additions (\$)</b>	<b>Option Payment(s) Received (\$)</b>	<b>Impairment (\$)</b>	<b>Foreign Exchange (\$)</b>	<b>Balance at December 31, 2018 (\$)</b>
Big Lime	1	-	-	-	-	1
Bolo	4,262	4	-	-	244	4,510
Clanton Hills	57	-	-	-	3	60
Eastside	17,076	55	-	-	975	18,106
Hugh's Canyon	153	282	-	(454)	19	-
Mogollon	262	-	-	-	15	277
Monitor Hills	92	2	-	-	5	99
North Brown	157	414	-	-	20	591
Overland Pass	64	2	-	-	3	69
Silver Dome	31	1	-	-	1	33
West Goldfield	179	20	-	-	10	209
White Horse Flats	72	2	-	-	3	77
White Horse North	63	2	-	-	2	67
	<b>22,469</b>	<b>784</b>	<b>-</b>	<b>(454)</b>	<b>1,300</b>	<b>24,099</b>

A summary of exploration and evaluation assets by property for the year ended September 30, 2018 is set out below:

<b>Property</b>	<b>On Acquisition of AGHL (\$)</b>	<b>Additions (\$)</b>	<b>Option Payment(s) Received (\$)</b>	<b>Impairment (\$)</b>	<b>Foreign Exchange (\$)</b>	<b>Balance at September 30, 2018 (\$)</b>
Big Lime	1	-	-	-	-	1
Bolo	3,969	154	-	-	139	4,262
Clanton Hills	33	22	-	-	2	57
Eastside	14,078	2,501	-	-	497	17,076
Four Metals	14	-	(17)	-	3	-
Hugh's Canyon	43	108	-	-	2	153
Mogollon	195	72	(14)	-	9	262
Monitor Hills	62	27	-	-	3	92
North Brown	14	141	-	-	2	157
Overland Pass	40	22	-	-	2	64
Red Hills	25	368	-	(396)	3	-
Silver Dome	18	13	-	-	-	31
West Goldfield	151	22	-	-	6	179
White Canyon	0	-	-	-	-	-
White Horse Flats	12	59	-	-	1	72
White Horse North	21	41	-	-	1	63
	<b>18,676</b>	<b>3,550</b>	<b>(31)</b>	<b>(396)</b>	<b>670</b>	<b>22,469</b>

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A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
On acquisition of AGHL	18,676
Drilling	1,390
Geology, trenching and geophysics	345
Management and administration	1,349
Technical studies	260
Travel	206
Option payment(s) received	(31)
Impairment	(396)
Foreign exchange	670
<b>Balance at September 30, 2018</b>	<b>22,469</b>
Acquisition and land	92
Camp cost and other	8
Drilling	360
Geology, trenching and geophysics	107
Management and administration	139
Technical studies	41
Travel	37
Impairment	(454)
Foreign exchange	1,300
<b>Balance at December 31, 2018</b>	<b>24,099</b>

#### Bolo

The Bolo project is located approximately 60 km northeast of Tonopah, Nevada. The Company holds a 100% interest in Bolo, subject to underlying royalties.

On June 27, 2018, the Company entered into an agreement with a third party (the "Bolo Optionee"), under which the Bolo Optionee may acquire up to a 50.01% undivided interest in Bolo by issuing common shares of the Bolo Optionee to the Company, with an aggregate value of \$1,363 (US\$1,000) over a three year period, and also incurring certain exploration and evaluation expenditures on Bolo with a minimum aggregate value of \$5,453 (US\$4,000) by December 31, 2022.

The Bolo Optionee may acquire an additional 24.99% interest in Bolo by incurring an additional \$5,453 (US\$4,000) in certain exploration and evaluation expenditures on Bolo within two years of acquiring the initial 50.01% interest in Bolo. If the Bolo Optionee does not acquire the additional 24.99% interest, then the Bolo Optionee will transfer a 0.02% interest in Bolo back to the Company.

#### Clanton Hills

The Clanton Hills project is 100% owned by Allegiant and is located 112 km west of Phoenix, Arizona. The Company plans to drill up to 12 rotary drill holes, totaling up to 2,200 metres, at Clanton Hills.

#### Eastside

The Eastside project is located approximately 32 km west of Tonopah, Nevada. Subject to underlying royalties, Allegiant controls a 100% interest in Eastside.

The Company plans to initiate a phase 2 resource expansion drill program at the Original Zone after it completes the high-impact discovery drill program for six other projects currently underway. The objective of the phase 2 resource expansion drill program is to double the in-pit resource and significantly reduce the strip ratio at the Original Zone. The Original Zone remains open to the west, south, and to depth, and possibly to the east and north.

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#### Four Metals

On April 19, 2018 the Company and MinQuest Ltd. entered into an option agreement with Arizona Standard (US) Corp. (the "Four Metals Optionee") and Barksdale Capital Corp. ("Barksdale") granting the Four Metals Optionee an option to acquire a 100% interest in the Four Metals project located in Santa Cruz County, Arizona. The Four Metals Optionee is a wholly-owned subsidiary of Barksdale. The common shares of Barksdale are listed for trading on the TSXV. The Company and MinQuest Ltd. each own a 50% interest in 16 unpatented lode mining claims that, in addition to 24 unpatented lode mining claims that are 100% owned by the Company, comprise the Four Metals project. The option agreement requires the Four Metals Optionee to pay \$307 (US\$225) in staged payments over a five-year period. In addition, Barksdale will issue common shares with a total value of \$307 (US\$225) in staged issuances over the same five-year period. The cash payments and share issuances are shared equally with MinQuest Ltd. so that the Company will receive 50% of the cash and share payments.

As at December 31, 2018, the Company received \$14 (US\$13) from the Four Metals Optionee, representing the Company's 50% portion of the first option payment.

#### Hughes Canyon

The Hughes Canyon project is located approximately 48 km east-southeast of Lovelock, Nevada.

On January 17, 2019, the Company announced the completion of drilling at Hughes Canyon, with 12 rotary drill holes totalling 2,139 metres. Hydrothermal alteration was encountered in 10 of the 12 holes in several different stratigraphic units in a faulted and folded Mesozoic sedimentary package. Gold and silver values above 0.10 g/t gold encountered in the drilling are available in the Company's news release dated January 17, 2019, available on the Company's website at [www.allegiantgold.com](http://www.allegiantgold.com).

Effective January 18, 2019, the Company dropped and returned Hughes Canyon to the lessor.

#### Mogollon

On June 19, 2018, the Company entered into an agreement with a third party (the "Mogollon Optionee"), granting the Mogollon Optionee an option to acquire a 100% interest in Mogollon by issuing common shares of the Mogollon Optionee with an aggregate value of \$1,363 (US\$1,000) over an approximate three-year period.

#### Monitor Hills

The Monitor Hills project is owned 100% by Allegiant and is located approximately 35 km east-southeast of Tonopah, Nevada.

Allegiant is targeting Carlin-type gold mineralization at Monitor Hills and plans to drill up to 10 rotary drill holes, totaling up to 2,150 metres.

#### North Brown

The North Brown project is 100% owned by Allegiant and is located approximately 19 km southwest of Eureka, Nevada.

On December 13, 2018, the Company announced the completion of drilling at North Brown. A total of 2,036 metres of rotary drilling in 11 holes were completed, and results were announced on January 28, 2019. There were no reportable gold intercepts from any of the holes, however, there are excellent grade gold samples (from nil up to 9 g/t gold) at the North Brown gold anomaly are in angular, altered fragments, up to 0.3 meters in diameter, in a carbonate breccia horizon in the Devonian sequence. The Company believes the mineralized fragments in the breccia are transported along a flat fault from a local source near the North Brown anomaly. Field work and additional geophysical work will continue to discover the source of the mineralized breccia fragments.

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#### Red Hills

The Red Hills project is 100% owned by Allegiant and is located 56 km northeast of Ely, Nevada.

On October 2, 2018, the Company announced the completion of drilling at Red Hills, which consisted of 9 holes for a total of 2,342 metres. No further work is planned for the Red Hills project.

#### Allegiant Qualified Person – U.S. properties disclosure only

Andy B. Wallace is a Certified Professional Geologist (CPG) with the American Institute of Professional Geologists and is the Qualified Person under National Instrument 43-101 and has reviewed and approved the technical content relating to the properties located in the USA discussed herein. Mr. Wallace is a VP and director of a subsidiary of the Company, and a principal of Cordilleran Exploration Company, LLC ("Cordex"), which is conducting exploration and project generation activities for Allegiant on an exclusive basis.

#### **Summary of Quarterly Information**

	<b>Q1 2019 (\$)</b>	<b>Q4 2018 (\$)</b>	<b>Q3 2018 (\$)</b>	<b>Q2 2018 (\$)</b>	<b>Q1 2018 (\$)</b>	<b>Q4 2017 (\$)</b>
Net loss for the period <sup>1</sup>	(803)	(914)	(403)	(2,030)	(518)	-
Basic and diluted loss per share <sup>1</sup>	(0.01)	(0.01)	(0.01)	(0.06)	(10,159)	-

<sup>1</sup> Quarterly financial information for the last eight quarters have not been presented as the Company was incorporated on September 26, 2017.

	<b>Dec 31, 2018 (\$)</b>	<b>Sep 30, 2018 (\$)</b>	<b>Jun 30, 2018 (\$)</b>	<b>Mar 31, 2018 (\$)</b>	<b>Dec 31, 2017 (\$)</b>	<b>Sep 30, 2017 (\$)</b>
Cash <sup>1</sup>	2,574	3,814	335	1,801	175	0
Restricted cash <sup>1</sup>	-	-	-	-	4,086	-
Total assets <sup>1</sup>	27,364	26,973	23,352	23,548	24,192	0
Total non-current financial liabilities <sup>1</sup>	-	-	-	(1,499)	(1,444)	-

<sup>1</sup> Quarterly financial information for the last eight quarters have not been presented as the Company was incorporated on September 26, 2017.

#### Review of Financial Results – Q1 2019 to Q1 2018

During the three months ended December 31, 2018, the Company incurred a net loss of \$803, which was an increase from prior year's comparative quarter of \$518. The main driver of the increase in net loss was from the impairment of the Hugh's Canyon project of \$454. Other significant changes which occurred during the current quarter compared to the same quarter during the prior year are discussed below.

Administration and office expenses increased from \$24 to \$104 as a result of the Arrangement, whereby the Company's administration and office expenses are mainly shared but separate from Columbus Gold's administration and office expenses. The Company also recorded \$45 of directors fees and \$38 of management fees in the current quarter, which the Company did not incur during the prior year's comparative period.

Conversely, investor relations and professional fees expense decreased from \$149 to \$34 and \$139 to \$47 respectively as higher prior year costs were incurred in preparation for the Arrangement. This also resulted in a decrease from \$99 to \$9 in transfer agent and filing fees in the current quarter when compared to prior year's comparative period.

#### Review of Financial Results – Q1 2019 to the remaining historic quarters

When comparing the current quarter with Q4 2018, the net loss was consistent as both quarters recorded an impairment of exploration and evaluation assets, which, respectively, were Hugh's Canyon and Red Hills. When comparing the current quarter to Q2 2018, the

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Company had a lower net loss. This was mainly driven by a \$1,500 share-based payments expense recorded in Q2 2018 from the recognition of the accounting impact of vested share options.

When comparing the current quarter to the remainder of the quarters in the current year, the net loss was higher due to the \$454 impairment on the Hugh's Canyon project.

### Change in total assets

As at December 31, 2018, total assets increased to \$27,364 from \$26,973 at September 30, 2018, and was mainly a result of foreign exchange translation gains of foreign assets.

Total assets of \$26,973 at September 30, 2018 is higher than all previous historic quarterly comparative reporting periods as the Company received \$4,581 from a non-brokered private placement of common shares during the quarter. Total assets increased from 0 to \$24,192 at December 31, 2017, as a result of the Arrangement.

### Change in non-current financial liabilities

As at December 31, 2018, the Company had \$nil non-current financial liabilities. The Company owes Columbus Gold \$1,605 under a grid note (see *Related Party Transactions*) which matures on March 1, 2019. This balance was reclassified to a current liability in Q3 2018.

### **Liquidity and Capital Resources**

The Company does not currently own or have an interest in any producing resource properties and does not derive any revenues from operations. The Company's activities have been funded primarily through private placements of the Company's common shares, and debt from Columbus Gold. The Company has been successful in its fundraising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for commodities and also a function of the demand for gold, both of which are subject to macroeconomic conditions and market fluctuations.

	<b>Three months ended</b>	
	<b>December 31, 2018</b>	<b>December 31, 2017</b>
	<b>(\$)</b>	<b>(\$)</b>
Cash used in operating activities	(392)	(647)
Cash used in investing activities	(898)	(327)
Cash from financing activities	-	1,148
Cash, end of the period	2,574	175

As at December 31, 2018, the Company had cash of \$2,574 (2017 - \$175) and working capital of 1,002 (2017 – deficiency of \$338). The Company's improved financial position when compared with 2017 was a result of completing a private placement of common shares in Q2 2018.

During the three months ended December 31, 2018, the Company used cash of \$392 in operating activities, a decrease from prior year's comparative quarter of \$647. The difference was mainly driven by a general lower cash operating cost in the current quarter and favorable timing differences related to changes in non-cash working capital items.

The Company used net cash of \$898 in investing activities during the current quarter, compared with \$327 in the prior year comparative quarter. This was mainly driven by significant drilling programs that are continuing during the current quarter, which were not underway during the prior year comparative quarter.

The Company had \$nil from financing activities during the current quarter, compared with \$1,148 in the comparative quarter in the prior year. Amounts from the prior year quarter were mainly advances from Columbus Gold.



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As at December 31, 2018, the Company had current liabilities of \$1,640 and non-current liabilities of \$nil. The Company has sufficient and access to capital to meet working capital requirements and obligations as they become due.

#### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

#### Commitments and Related Party Transactions

Columbus Gold, a company with certain directors and officers in common, provides the Company with administration and management services on a shared cost basis under a corporate services agreement (the "CSA"). The CSA is effective until December 31, 2019 and may be terminated by either party with three months' notice.

As at December 31, 2018, the Company had a principal balance of \$1,605 (September 30, 2018 - \$1,605) owing to Columbus Gold (the "Grid Note"), due on the later of March 1, 2019 or when the Company has completed one or more equity financings with collective proceeds of a minimum of \$4,000 subsequent to the date on which the Company lists on the TSXV.

As the Grid Note was a non-current liability, the Company has discounted the Grid Note with a 20% annual discount rate, resulting in a discount of \$214 allocated to the reserves account. A continuity table of the Grid Note is as follows:

	(\$)
<b>Principal balance</b>	<b>1,605</b>
Fair value discount	(214)
Accretion for the period	178
<b>Balance, September 30, 2018</b>	<b>1,569</b>
Accretion for the period	18
<b>Balance, December 31, 2018</b>	<b>1,587</b>

The amounts due to Columbus Gold represent advances to fund the Company and AGHL from July 1, 2017 to December 31, 2017, and are unsecured and interest free.

The Company has engaged the services of Cordilleran Exploration LLC ("Cordex") to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada. The current agreement is in effect to June 30, 2019. Monthly payments consist of a management fee ranging from \$28 (US\$21) to \$31 (US\$23) and there is a net smelter return ("NSR") royalty for Cordex on existing and new properties. The principal of Cordex is an officer of a subsidiary of the Company.

The following is a summary of related party transactions:

	Three Months Ended	
	December 31, 2018	December 31, 2017
	(\$)	(\$)
Amounts paid or accrued to Columbus Gold under the CSA	91	-
Management fees paid or accrued to a company controlled by the Chairman of the Company	38	-
Directors fees paid or accrued	45	-
Consulting fees paid or accrued to Cordex	84	64
	<b>258</b>	<b>64</b>

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The following summarizes advances and amounts payable to related parties:

	<b>December 31, 2018 (\$)</b>	<b>September 30, 2018 (\$)</b>
Due to Columbus Gold - Grid Note	(1,587)	(1,569)
Management fees advanced to the Chairman of the Company	-	25
Travel advances to Chairman of the Company	-	10
Amounts due to directors, included in accounts payable	(8)	(33)
	<b>(1,595)</b>	<b>(1,567)</b>

**Proposed Transactions**

There are no proposed transactions as at December 31, 2018 and the date of this MD&A.

**Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, assumptions used in determination of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

*New Accounting Standards Adopted During the Period*

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

IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on October 1, 2018 and the impact to the Company's financial statements will be to classify its investments to fair value through profit or loss. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in no material accounting impact on October 1, 2018. Future changes in the fair value of these investments will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

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### Changes in Accounting Policies and Standards

A number of new standards, and amendments to standards and interpretations may have a significant effect on the condensed interim consolidated financial statements of the Company are as follows:

(a) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not expect IFRS 16 to have a significant impact on the Company's financial statements. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

(b) Other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### Financial Instruments

The fair value of the financial instruments are summarized below. The Company classifies its financial instruments as loans and receivables (“L&R”) or fair value through profit and loss (“FVTPL”) as per below:

Financial Instrument	Classification	Measurement Method	Associated Risks	Fair value at
				December 31, 2018 (\$)
Cash	L&R	Amortized cost	Credit, currency, and concentration	2,574
Receivables	L&R	Amortized cost	Credit and concentration	29
Reclamation bonds	L&R	Amortized cost	Credit, currency and concentration	623
Accounts payable	L&R	Amortized cost	Currency	(20)
Due to Columbus Gold	FVTPL (Level 3)	Amortized cost	n/a	(1,587)

### Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2018 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the consolidated statements of financial position. Cash is held as cash deposits with creditworthy banks in Canada and the USA, and risk is assessed as low.

The credit risk exposure on receivables is limited to its carrying amount at the date of the statements of financial position, and mainly relates to Canadian Goods and Services Tax (“GST”) receivable, and risk is assessed as low.

The credit risk exposure on reclamation bonds is limited to its carrying amount at the date of the consolidated statements of financial position. Reclamation bonds are held by the USA Forest Service and the US Bureau of Land Management, and risk is assessed as low.

**(b) Liquidity risk**

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2018, the Company had a working capital of \$1,002 (September 30, 2018 – \$2,083). Liquidity risk is assessed as moderate.

**(c) Market risks****(i) Foreign currency risk**

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Allegiant Gold (U.S.) Ltd. The Company also has certain assets and liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

**(ii) Commodity price risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

**(iii) Interest rate risk**

The Company does not have any variable interest-bearing debt and is therefore not exposed to interest rate risk.

**Sensitivity Analysis**

A 1% change in interest rates does not have a material effect on the Company's profit or loss.

The Company has certain assets and liabilities in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar does not have a material effect on the Company's profit or loss.

**Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from equity financings and debt from Columbus Gold.

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, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

**Fair Value**

The fair value of the Company's financial instruments including cash, receivables and accounts payable approximates their carrying value due to the immediate or short term maturity of these financial instruments. The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair value of non-current amounts due to Columbus Gold are based on a 20% discount rate.

## Allegiant Gold Ltd.

### Management's Discussion and Analysis

For the Three Months Ended December 31, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted - Unaudited)



IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2018, non-current amounts due to Columbus Gold are categorized as Level 3 in the fair value hierarchy above.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

### Other Information

#### Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents Allegiant's capital structure as at the date of this MD&A and December 31, 2018:

	As at date of this MD&A	December 31, 2018
Common shares issued and outstanding	60,843,850	60,843,850
Share options outstanding (exercisable at \$0.46 to \$0.60)	5,090,000	5,090,000
Warrants outstanding (exercisable at \$1.00, expire January 29, 2020)	6,994,114	6,994,114
Warrants outstanding (exercisable at \$0.60, expire January 29, 2020)	273,490	273,490

### Risks and Uncertainties

#### *Risk factors*

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but do not represent all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected.

#### *Exploration, development and production risks*

An investment in the Company's shares is speculative due to the nature of the Company's involvement in the evaluation, acquisition, exploration and, if warranted, development and production of minerals. Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries in commercial quantities.

While the Company has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. The Company has no earnings record, no reserves and no producing resource properties.

The Company's resource projects are in the exploration stage. Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge will not eliminate. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company must rely upon consultants and contractors for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that surface rights agreements that may be necessary for future operations will be obtained when needed, on reasonable terms, or at all, which could adversely affect the business of the Company.

No assurance can be given that minerals will be discovered in sufficient quantities at any of the Company's mineral projects to justify commercial operations or that funds required for additional exploration or development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

#### Additional Funding Requirements

From time to time, the Company will require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinitely postpone further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favorable terms.

#### Prices, Markets and Marketing of Natural Resources

Gold is a commodity whose price is determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for gold have fluctuated widely in recent years. The marketability and price of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company has limited direct experience in the marketing of gold.

Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection are all factors which may affect the marketability and price of natural resources. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return on investment for shareholders.

#### Title Matters

Although title to the properties has been reviewed by the Company, formal title opinions have not been obtained by the Company for most of its mineral properties and, consequently, no assurances can be given that there are no title defects affecting such properties and that such title will not be challenged or impaired. The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. There may be valid challenges to the title of any of the mineral properties in which the Company holds an interest that, if successful, could impair development and/or operations thereof. A defect could result in the Company losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

Any of the mineral properties in which the Company holds an interest may be subject to prior unregistered liens, agreements or transfers or other undetected title defects. There is no guarantee that title to the properties will not be challenged or impugned. The



Company is satisfied, however, that evidence of title to each of the properties is adequate and acceptable by prevailing industry standards.

#### Enforcement of Civil Liabilities

Certain of the Company's directors and certain of the experts named herein reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

#### Environmental Risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, and national, state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in developments of new properties.

#### Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of shares or securities convertible into shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issues of shares or securities convertible into shares or the effect, if any, that future issues and sales of shares will have on the price of the shares. Any transaction involving the issue of previously authorized but unissued shares or securities convertible into shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the mineral projects in which the Company has an interest. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

Reliance on Operators and Key Employees

The success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company. In assessing the risk of an investment in the Company's shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Availability of Equipment and Access Restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Conflict of Interest of Management

Certain of the Company's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

Competition

The Company actively competes for acquisitions, leases, licenses, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater financial resources than the Company.

The Company's ability to successfully bid on and acquire additional property rights to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships



with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

#### Insurance

The Company's involvement in the exploration for and development of natural resource properties may result in the Company becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although the Company will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable, or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Company or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

#### The Market Price of Shares May Be Subject to Wide Price Fluctuations

The market price of shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the shares.

The Company is unable to predict whether substantial amounts of shares will be sold in the open market. Any sales of substantial amounts of shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the shares.

#### Global Financial Conditions

Global financial conditions over the last few years have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of our shares may be adversely affected.

#### Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While the Company will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect the Company.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

Disclosure and Internal Controls

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls over financial reporting have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

Caution Regarding Forward Looking Statements

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian/US dollar exchange rates; management's strategies, objectives and expectations; the Company's tax position and the tax and royalty rates applicable; the Company's ability to acquire necessary permits and other authorizations in connection with its projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; the Company's cost reduction and other financial and operating objectives; the Company's environmental, health and safety initiatives; the availability of qualified employees and labour for operations; risks that may affect operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about: general business and economic conditions; the expected timing to complete a feasibility study and other exploration milestones, the timing of the receipt of required permits and approvals for operations; the availability of equity and other financing on reasonable terms; power prices; the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the Company's ability to attract and retain skilled labour and staff; the impact of changes in Canadian/US dollar and other foreign exchange rates on costs and results; market competition; and ongoing relations with employees and with business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Management undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

## **Allegiant Gold Ltd.**

### **Management's Discussion and Analysis**

**For the Three Months Ended December 31, 2018**

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted - Unaudited)

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#### Additional Information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Corporation Information

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9 Canada
Director(s):	Robert Giustra Norm Pitcher Peter Gianulis Russell Ball
Officers:	Robert Giustra, Chairman & Chief Executive Officer Andrew Yau, Chief Financial Officer Jorge Martinez, Vice President, Communications & Technology Daniela Freitas, Corporate Secretary
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7
Transfer Agent:	Computershare Investor Services Inc. 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC V6C 3B9



**Allegiant Gold Ltd.  
1090 Hamilton Street  
Vancouver, B.C.  
V6B 2R9  
Canada**

**Condensed Interim Consolidated Financial Statements  
(Unaudited)**

**For the Three Months Ended  
December 31, 2018**

**(Stated in Canadian Dollars)**

## **NOTICE OF NO REVIEW BY AUDITOR**

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three months ended December 31, 2018, which follow this notice, have not been reviewed by an auditor.

**Allegiant Gold Ltd.****Condensed Interim Consolidated Statements of Financial Position**

(Expressed in thousands of Canadian Dollars - Unaudited)



	December 31, 2018 (\$)	September 30, 2018 (\$)
<b>Assets</b>		
Current assets		
Cash	2,574	3,814
Receivables	29	22
Prepaid expenses	39	79
	2,642	3,915
Non-current assets		
Reclamation bonds (note 5)	623	589
Exploration and evaluation assets (note 6)	24,099	22,469
	<b>27,364</b>	<b>26,973</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable (note 9)	20	98
Accrued liabilities	33	165
Due to Columbus Gold Corp. (note 9)	1,587	1,569
	1,640	1,832
Shareholders' equity		
Share capital (note 8)	24,957	24,944
Reserves (note 8)	5,435	4,062
Deficit	(4,668)	(3,865)
	25,724	25,141
	<b>27,364</b>	<b>26,973</b>

Nature of operations and going concern (note 1)

**Approved by the Board of Directors***"Robert Giustra"*

Robert Giustra – Director

*"Russell Ball"*

Russell Ball - Director

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

**Allegiant Gold Ltd.****Condensed Interim Consolidated Statements of Loss and  
Comprehensive Income (Loss)**

(Expressed in thousands of Canadian Dollars, except per share amounts - Unaudited)



	Three months ended	
	December 31, 2018 (\$)	December 31, 2017 (\$)
Operating expenses		
Administration and office (note 9)	104	24
Directors fees (note 9)	45	-
General exploration	73	57
Investor relations	34	149
Management fees (note 9)	38	-
Professional fees	47	139
Transfer agent and filing fees	9	99
Travel	4	-
Loss before other items	(354)	(468)
Other items		
Interest income	12	1
Impairment on exploration and evaluation assets (note 6)	(454)	-
Accretion expense (note 9)	(18)	(54)
Foreign exchange gain	11	3
<b>Loss before taxes and net loss for the period</b>	<b>(803)</b>	<b>(518)</b>
Items that may subsequently be reclassified to net income or loss:		
Foreign currency translation gain	1,373	122
<b>Comprehensive income (loss) for the period</b>	<b>570</b>	<b>(396)</b>
Basic and diluted loss per share (note 8(d))	(0.01)	(10,159)

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

**Allegiant Gold Ltd.****Condensed Interim Consolidated Statements of Cash Flows**

(Expressed in thousands of Canadian Dollars except share amounts - Unaudited)



	Three months ended	
	December 31, 2018 (\$)	December 31, 2017 (\$)
<b>Operating activities</b>		
Net loss for the period	(803)	(518)
Items not involving cash		
Impairment on exploration and evaluation assets	454	-
Accretion expense	18	54
Unrealized foreign exchange gain	(11)	(5)
	(342)	(469)
Changes in non-cash working capital		
Receivables and prepaid expenses	21	(220)
Accounts payable and accrued liabilities	(71)	42
Cash used in operating activities	(392)	(647)
<b>Investing activities</b>		
Exploration and evaluation assets (note 6)	(910)	(407)
Reclamation bonds	-	(51)
Cash from acquisition of Allegiant Gold Holding Ltd. (note 4)	-	130
Interest received	12	1
Cash used in investing activities	(898)	(327)
<b>Financing activities</b>		
Private placement of subscription receipts, net of financing costs (note 8)	-	4,196
Transferred to restricted cash	-	(4,086)
Advances from Columbus Gold Corp.	-	1,038
Cash from financing activities	-	1,148
Effect of foreign exchange on cash	50	1
(Decrease) increase in cash	(1,240)	175
Cash, beginning of period	3,814	-
<b>Cash, end of period</b>	<b>2,574</b>	<b>175</b>

Other non-cash transactions:

On October 24, 2018 (note 8), the Company issued 32,368 common shares (2017 – nil) to Directors of the Company to settle directors fees accrued at a fair value of \$13 (2017 - \$nil).

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



**Allegiant Gold Ltd.****Condensed Interim Consolidated Statements of Shareholders' Equity**

(Expressed in thousands of Canadian Dollars except for share amounts - Unaudited)



	Share Capital		Reserves				
	Number of Shares	Share Capital (\$)	Share Options and Warrants (\$)	Accumulated Other Comprehensive Income (Loss) (\$)	Total (\$)	Deficit (\$)	Total (\$)
Balance, October 1, 2017	1	0	-	-	-	-	0
Shares issued for acquisition of Allegiant Gold Holding Ltd. (note 4)	51	18,107	-	-	-	-	18,107
Contributions - discount of amounts due to Columbus Gold Corp. (note 9)	-	-	-	214	214	-	214
Comprehensive income (loss)	-	-	-	122	122	(518)	(396)
<b>Balance, December 31, 2017</b>	<b>52</b>	<b>18,107</b>	<b>-</b>	<b>336</b>	<b>336</b>	<b>(518)</b>	<b>17,925</b>
Balance, October 1, 2018	60,811,482	24,944	3,163	899	4,062	(3,865)	25,141
Shares for debt (note 8)	32,368	13	-	-	-	-	13
Comprehensive income (loss)	-	-	-	1,373	1,373	(803)	570
<b>Balance, December 31, 2018</b>	<b>60,843,850</b>	<b>24,957</b>	<b>3,163</b>	<b>2,272</b>	<b>5,435</b>	<b>(4,668)</b>	<b>25,724</b>

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

**1. Nature of Operations and Going Concern**

Allegiant Gold Ltd. (the “Company” or “Allegiant”), was incorporated on September 26, 2017 under the laws of the Province of British Columbia, Canada. The Company was a wholly-owned subsidiary of Columbus Gold Corp. (“Columbus Gold”), a Toronto Stock Exchange listed company, until January 25, 2018, when it was spun-out of Columbus Gold by way of a plan of arrangement (the “Arrangement”) as a separate entity. The Company obtained its initial listing on the TSX Venture Exchange (“TSXV”) on January 30, 2018. The common shares of the Company are also listed on the OTCQX effective February 26, 2018.

The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

On October 1, 2017, the Company acquired Allegiant Gold Holding Ltd. (“AGHL”) from Columbus Gold (note 4), which indirectly held all of Columbus Gold’s exploration and evaluation assets in the United States of America.

The Company’s principal business activities are the exploration and development of resource properties located in the United States of America. The Company is in the process of exploring and developing its resource properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. At December 31, 2018, the Company had a working capital of \$1,002 (September 30, 2018 – \$2,083) and deficit of \$4,668 (September 30, 2018 - \$3,865). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

**2. Basis of Presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending September 30, 2018.

These condensed interim consolidated financial statements were approved by the Board of Director(s) and authorized for issue on February 20, 2019.

*New Accounting Standards Adopted During the Period*

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

**2. Basis of Presentation - continued**

IFRS 9 amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on October 1, 2018 and the impact to the Company's financial statements will be to classify its investments to fair value through profit or loss. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in no material accounting impact on October 1, 2018. Future changes in the fair value of these investments will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

**3. Changes in Accounting Standards**

A number of new standards, and amendments to standards and interpretations that may have a significant effect on the condensed interim consolidated financial statements of the Company are as follows:

**(a) IFRS 16 – Leases (“IFRS 16”)**

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not expect IFRS 16 to have a significant impact on the Company's financial statements. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

**(b) Other**

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**4. Acquisition of AGHL**

On October 1, 2017, the Company issued 49 shares to Columbus Gold in exchange for all of the outstanding common shares of AGHL, which indirectly held all of Columbus Gold's exploration and evaluation assets in Nevada.

The transaction was between entities under common control as it was a transfer of assets previously owned directly by Columbus Gold to the Company, a wholly owned subsidiary of Columbus Gold at the time. Accordingly, the Company recorded the assets transferred at the historical carrying costs of Columbus Gold at the date of transfer. The carrying amounts of the assets and liabilities transferred from Columbus Gold to the Company included:

	\$
Cash	130
Reclamation bonds	447
Prepaid expenses	4
Exploration and evaluation assets	18,676
Accrued liabilities	(67)
Due to Columbus Gold – current	(858)
Due to Columbus Gold – non-current	(1,082)
	<b>17,250</b>

On October 29, 2017, AGHL issued 2 additional shares to Columbus Gold to settle debt outstanding of \$858. On October 29, 2017, the Company issued 2 additional shares to Columbus Gold in exchange for the additional 2 common shares of AGHL, and consequently retained a 100% interest in AGHL.

**Allegiant Gold Ltd.**

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**5. Reclamation Bonds**

The drilling permits for the following properties require refundable reclamation bonds, which are held by the USA Forest Service and the US Bureau of Land Management:

	December 31, 2018 (\$)	September 30, 2018 (\$)
Bolo	269	255
Eastside	276	260
Hugh's Canyon	19	18
Monitor Hills	16	15
North Brown	22	21
Red Hills	21	20
	<b>623</b>	<b>589</b>

**6. Exploration and Evaluation Assets**

A summary of exploration and evaluation assets by property for the period ended December 31, 2018 is set out below:

Property	Balance at October 1, 2018 (\$)	Additions (\$)	Option Payment(s) Received (\$)	Impairment (\$)	Foreign Exchange (\$)	Balance at December 31, 2018 (\$)
Big Lime	1	-	-	-	-	1
Bolo	4,262	4	-	-	244	4,510
Clanton Hills	57	-	-	-	3	60
Eastside	17,076	55	-	-	975	18,106
Hugh's Canyon	153	282	-	(454)	19	-
Mogollon	262	-	-	-	15	277
Monitor Hills	92	2	-	-	5	99
North Brown	157	414	-	-	20	591
Overland Pass	64	2	-	-	3	69
Silver Dome	31	1	-	-	1	33
West Goldfield	179	20	-	-	10	209
White Horse Flats	72	2	-	-	3	77
White Horse North	63	2	-	-	2	67
	<b>22,469</b>	<b>784</b>	<b>-</b>	<b>(454)</b>	<b>1,300</b>	<b>24,099</b>

**Allegiant Gold Ltd.**
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**6. Exploration and Evaluation Assets - continued**

A summary of exploration and evaluation assets by property for the year ended September 30, 2018 is set out below:

<b>Property</b>	<b>On Acquisition of AGHL (\$)</b>	<b>Additions (\$)</b>	<b>Option Payment(s) Received (\$)</b>	<b>Impairment (\$)</b>	<b>Foreign Exchange (\$)</b>	<b>Balance at September 30, 2018 (\$)</b>
Big Lime	1	-	-	-	-	1
Bolo	3,969	154	-	-	139	4,262
Clanton Hills	33	22	-	-	2	57
Eastside	14,078	2,501	-	-	497	17,076
Four Metals	14	-	(17)	-	3	-
Hugh's Canyon	43	108	-	-	2	153
Mogollon	195	72	(14)	-	9	262
Monitor Hills	62	27	-	-	3	92
North Brown	14	141	-	-	2	157
Overland Pass	40	22	-	-	2	64
Red Hills	25	368	-	(396)	3	-
Silver Dome	18	13	-	-	-	31
West Goldfield	151	22	-	-	6	179
White Canyon	0	-	-	-	-	-
White Horse Flats	12	59	-	-	1	72
White Horse North	21	41	-	-	1	63
	<b>18,676</b>	<b>3,550</b>	<b>(31)</b>	<b>(396)</b>	<b>670</b>	<b>22,469</b>

A summary of the exploration and evaluation assets by cost category is set out below:

	<b>(\$)</b>
On acquisition of AGHL	18,676
Drilling	1,390
Geology, trenching and geophysics	345
Management and administration	1,349
Technical studies	260
Travel	206
Option payment(s) received	(31)
Impairment	(396)
Foreign exchange	670
<b>Balance at September 30, 2018</b>	<b>22,469</b>
Acquisition and land	92
Camp cost and other	8
Drilling	360
Geology, trenching and geophysics	107
Management and administration	139
Technical studies	41
Travel	37
Impairment	(454)
Foreign exchange	1,300
<b>Balance at December 31, 2018</b>	<b>24,099</b>

**6. Exploration and Evaluation Assets - continued***Bolo*

The Bolo project is located approximately 60 km northeast of Tonopah, Nevada. The Company holds a 100% interest in Bolo, subject to underlying royalties.

On June 27, 2018, the Company entered into an agreement with a third party (the “Bolo Optionee”), under which the Bolo Optionee may acquire up to a 50.01% undivided interest in Bolo by issuing common shares of the Bolo Optionee to the Company, with an aggregate value of \$1,363 (US\$1,000) over a three year period, and also incurring certain exploration and evaluation expenditures on Bolo with a minimum aggregate value of \$5,452 (US\$4,000) by December 31, 2022.

The Bolo Optionee may acquire an additional 24.99% interest in Bolo by incurring an additional \$5,452 (US\$4,000) in certain exploration and evaluation expenditures on Bolo within two years of acquiring the initial 50.01% interest in Bolo. If the Bolo Optionee does not acquire the additional 24.99% interest, then the Bolo Optionee will transfer a 0.02% interest in Bolo back to the Company.

*Eastside*

The Eastside project is located approximately 32 km west of Tonopah, Nevada. The Company holds a 100% interest in Eastside, subject to underlying royalties.

*Four Metals*

On April 19, 2018 the Company and MinQuest Ltd. entered into an option agreement with Arizona Standard (US) Corp. (the “Four Metals Optionee”) and Barksdale Capital Corp. (“Barksdale”) granting the Four Metals Optionee an option to acquire a 100% interest in the Four Metals project located in Santa Cruz County, Arizona. The Four Metals Optionee is a wholly-owned subsidiary of Barksdale. The common shares of Barksdale are listed for trading on the TSXV. The Company and MinQuest Ltd. each own a 50% interest in 16 unpatented lode mining claims that, in addition to 24 unpatented lode mining claims that are 100% owned by the Company, comprise the Four Metals project. The option agreement requires the Four Metals Optionee to pay \$307 (US\$225) in staged payments over a five-year period. In addition, Barksdale will issue common shares with a total value of \$307 (US\$225) in staged issuances over the same five-year period. The cash payments and share issuances are shared equally with MinQuest Ltd. so that the Company will receive 50% of the cash and share payments.

*Mogollon*

On June 19, 2018, the Company entered into an agreement with a third party (the “Mogollon Optionee”), granting the Mogollon Optionee an option to acquire a 100% interest in Mogollon by issuing common shares of the Mogollon Optionee with an aggregate value of \$1,363 (US\$1,000) over an approximate three-year period.

*Other*

The Company has additional exploration and evaluation assets located in the USA, comprised of the following properties: Big Lime, Clanton Hills, Monitor Hills, North Brown, Overland Pass, Silver Dome, West Goldfield, White Canyon, White Horse Flats, and White Horse North.

**7. Restoration Provision**

The Company has restoration obligations in connection with certain properties in Nevada. The Company has in place reclamation bonds with the USA Forest Service and the US Bureau of Land Management (also refer to note 5) to cover these obligations.

## 8. Share Capital

### (a) Common shares

Authorized - unlimited common shares without par value.

At December 31, 2018, the Company had 60,843,850 (September 30, 2018 – 60,811,482) common shares issued and outstanding.

On October 24, 2018, the Company extinguished an existing debt in the amount of \$13 by issuing 32,368 common shares (each a “Settlement Share”) at a fair value price of \$0.42 per Settlement Share to certain of its independent directors.

### (b) Share options

The Company has a share option plan to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the TSXV on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, October 1, 2017	-	-
Granted	5,415,000	0.58
Cancelled	(125,000)	0.60
Forfeited	(200,000)	0.60
<b>Balance, September 30, 2018 and December 31, 2018</b>	<b>5,090,000</b>	<b>0.58</b>

A summary of the Company's options at December 31, 2018 is as follows:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (years)
0.60	4,340,000	4.09	4,340,000	4.09
0.46	750,000	4.71	750,000	4.71
<b>0.46-0.60</b>	<b>5,090,000</b>	<b>4.18</b>	<b>5,090,000</b>	<b>4.18</b>

The fair value of share options recognized as an expense during the period ended December 31, 2018 was \$nil (2017 - \$nil).

# Allegiant Gold Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 8. Share Capital - continued

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table above. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during 2018 were as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life (years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
January 30, 2018	4,665,000	69.5%	2.0%	2.96	-	0.34	1,588
September 13, 2018	750,000	73.7%	2.2%	2.96	-	0.23	170

#### (c) Warrants

On January 29, 2018, in connection with the Arrangement, the Company issued 6,994,114 Allegiant warrants, exercisable for a period of 24 months to acquire one Allegiant common share at a price of \$1.00 per share. The expiry of the Allegiant warrants may be accelerated by the Company, at any time in the event that the volume-weighted average closing price of the Allegiant common shares on the TSXV, or such other exchange on which the Allegiant common shares may primarily trade from time to time, is greater than or equal to \$1.20 for a period of 20 consecutive trading days, by giving notice to the holders thereof, and in such case, the Allegiant warrants will expire on the earlier of: (i) the 30th day after the date on which such notice is given by Allegiant, and (ii) the actual expiry date of the Allegiant warrants.

On January 29, 2018, 273,490 finders' warrants (the "Finders' Warrants") were issued with an exercise price of \$0.60, expiring on January 29, 2020.

The continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, October 1, 2017	-	-
Allegiant warrants	6,994,114	1.00
Finders' warrants	273,490	0.60
<b>Balance, September 30, 2018 and December 31, 2018</b>	<b>7,267,604</b>	<b>0.98</b>

The fair value of each warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding. The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate.

Assumptions used for warrants issued during 2018 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Warrant (\$)	Total Fair Value (\$)
January 29, 2018	6,994,114	75%	1.77%	2.00	-	0.20	1,432
January 29, 2018	273,490	75%	1.77%	2.00	-	0.31	84



**Allegiant Gold Ltd.**

## Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 2018

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**8. Share Capital - continued**

## (d) Loss per share

	Three months ended	
	December 31, 2018 (\$)	December 31, 2017 (\$)
Basic and diluted loss per share	(0.01)	(10,159)
Net loss for the period	(803)	(518)

  

	Three months ended	
	December 31, 2018 (\$)	December 31, 2017 (\$)
Shares outstanding, beginning of period	60,811,482	1
Effect of shares issued to acquire AGHL	-	50
Effect of the common shares issuance	24,276	-
<b>Basic and diluted weighted average number of shares outstanding</b>	<b>60,835,758</b>	<b>51</b>

As at December 31, 2018, there were 5,090,000 (September 30, 2018 – 5,090,000) share options and 7,267,604 (September 30, 2018 – 7,267,604) warrants that were potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

## (e) Reserves

*Share options and warrants*

The share options and warrants reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

*Accumulated other comprehensive income (loss)*

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

**9. Related party transactions**

Columbus Gold, a company with certain directors and officers in common, provides the Company with administration and management services on a shared cost basis under a corporate services agreement (the "CSA"). The most recent CSA is effective until December 31, 2019 and may be terminated by either party with three months' notice.

As at December 31, 2018, the Company had a principal balance of \$1,605 (September 30, 2018 - \$1,605) owing to Columbus Gold (the "Grid Note"), due on the later of March 1, 2019 or when the Company has completed one or more equity financings with collective proceeds of a minimum of \$4,000 subsequent to the date on which the Company lists on the TSXV.

**Allegiant Gold Ltd.**

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**9. Related party transactions - continued**

As the Grid Note was initially a non-current liability, the Company discounted the Grid Note with a 20% annual discount rate, resulting in a discount of \$214 allocated to the reserves account. A continuity table of the Grid Note is as follows:

	(\$)
Principal balance	1,605
Fair value discount	(214)
Accretion for the period	178
<b>Balance, September 30, 2018</b>	<b>1,569</b>
Accretion for the period	18
<b>Balance, December 31, 2018</b>	<b>1,587</b>

The Company has engaged the services of Cordilleran Exploration LLC ("Cordex") to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada. The current agreement is in effect to June 30, 2019. Monthly payments consist of a management fee ranging from \$28 (US\$21) to \$31 (US\$23) and there is a net smelter return ("NSR") royalty for Cordex on existing and new properties. The principal of Cordex is an officer of a subsidiary of the Company.

The following is a summary of related party transactions:

	<b>Three months ended</b>	
	<b>December 31, 2018</b>	<b>December 31, 2017</b>
	(\$)	(\$)
Amounts paid or accrued to Columbus Gold under the CSA	91	-
Management fees paid or accrued to a company controlled by the Chairman of the Company	38	-
Directors fees paid or accrued	45	-
Consulting fees paid or accrued to Cordex	84	64
	<b>258</b>	<b>64</b>

On October 24, 2018, the Company issued 32,368 common shares (2017 – nil) to Directors of the Company to settle directors fees accrued at a fair value of \$13 (2017 - \$nil).

The following summarizes advances and amounts payable to related parties:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
	(\$)	(\$)
Due to Columbus Gold - Grid Note	(1,587)	(1,569)
Management fees advanced to a Company controlled by the Chairman of the Company	-	25
Travel advances to Chairman of the Company	-	10
Amounts due to directors, included in accounts payable	(8)	(33)
	<b>(1,595)</b>	<b>(1,567)</b>

**Allegiant Gold Ltd.**

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**10. Segmented information**

The Company has one reportable business segment, being mineral exploration and development. Assets by geographical area are as follows:

	December 31, 2018 (\$)	September 30, 2018 (\$)
Current assets		
Canada	2,267	3,305
USA	375	610
	<b>2,642</b>	<b>3,915</b>
Non-current assets		
USA	24,722	23,058
	<b>24,722</b>	<b>23,058</b>
Total assets		
Canada	2,267	3,305
USA	25,097	23,668
	<b>27,364</b>	<b>26,973</b>

**11. Financial Risk and Capital Management**

The fair value of the financial instruments are summarized below. The Company classifies its financial instruments as loans and receivables ("L&R") or fair value through profit and loss ("FVTPL") as per below:

Financial Instrument	Classification	Measurement Method	Associated Risks	Fair value at December 31, 2018 (\$)
Cash	L&R	Amortized cost	Credit, currency, and concentration	2,574
Receivables	L&R	Amortized cost	Credit and concentration	29
Reclamation bonds	L&R	Amortized cost	Credit, currency and concentration	623
Accounts payable	L&R	Amortized cost	Currency	(20)
Due to Columbus Gold	FVTPL (Level 3)	Amortized cost	n/a	(1,587)

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2018 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

## (a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks in Canada and the USA, and risk is assessed as low.

The credit risk exposure on receivables is limited to its carrying amount at the date of the statements of financial position, and mainly relates to Canadian Goods and Services Tax ("GST") receivable, and risk is assessed as low.

The credit risk exposure on reclamation bonds is limited to its carrying amount at the date of the statements of financial position. Reclamation bonds are held by the USA Forest Service and the US Bureau of Land Management, and risk is assessed as low.

**11. Financial Risk and Capital Management - continued****(b) Liquidity risk**

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2018, the Company had a working capital of \$1,002 (September 30, 2018 – \$2,083).

Liquidity risk is assessed as moderate.

**(c) Market risks****(i) Foreign currency risk**

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Allegiant Gold (U.S.) Ltd. The Company also has certain assets and liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

**(ii) Commodity price risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

**(iii) Interest rate risk**

The Company does not have any variable interest-bearing debt and is therefore not exposed to interest rate risk.

**Sensitivity analysis**

A 1% change in interest rates does not have a material effect on the Company's profit or loss.

The Company has certain assets and liabilities in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar does not have a material effect on the Company's profit or loss.

**Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from equity financings and debt from Columbus Gold.

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, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

**11. Financial Risk and Capital Management - continued**

Fair value

The fair value of the Company's financial instruments including cash, receivables and accounts payable approximates their carrying value due to the immediate or short term maturity of these financial instruments. The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair value of non-current amounts due to Columbus Gold are based on a 20% discount rate.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2018, amounts due to Columbus Gold are categorized as Level 3 in the fair value hierarchy above.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.