**GARIBALDI RESOURCES CORP.**

**Condensed Consolidated Interim Financial Statements**

**April 30, 2017**

**(Stated in Canadian Dollars)**

**(Unaudited – Prepared by Management)**

## NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
April 30, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Note | | April 30, 2017 | | January 31, 2017 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 124,209 | $ | 89,563 |
| Marketable securities | 4 | | 7,436 | | 9,127 |
| Sales taxes receivable | 5 | | 27,237 | | 48,750 |
| Prepaid expenses and advances | | | 15,314 | | 5,072 |
| | | | 174,196 | | 152,512 |
| **Non-current assets** | | | | | |
| Reclamation deposits | 6 | | 33,890 | | 33,890 |
| Equipment | 7 | | 34,571 | | 36,391 |
| Exploration and evaluation assets | 8 | | 8,870,134 | | 8,702,482 |
| | | | 8,938,595 | | 8,772,763 |
| **TOTAL ASSETS** | | **$** | **9,112,791** | **$** | **8,925,275** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables and accrued liabilities | 11 | $ | 1,009,350 | $ | 855,125 |
| Related party loan payable | 11 | | 23,119 | | 19,612 |
| Deferred flow-through premium | 10 | | 8,331 | | 10,348 |
| **TOTAL LIABILITIES** | | | **1,040,800** | | **885,085** |
| **EQUITY** | | | | | |
| Share capital | 10 | | 19,045,430 | | 18,994,430 |
| Shares to be issued | 10 | | 142,000 | | - |
| Contributed surplus | | | 2,638,139 | | 2,638,139 |
| Deficit | | | (13,753,578) | | (13,592,379) |
| **TOTAL EQUITY** | | | **8,071,991** | | **8,040,190** |
| **TOTAL LIABILITIES AND EQUITY** | | **$** | **9,112,791** | **$** | **8,925,275** |

Commitments - Notes 8, 9, and 10
Events After the Reporting Date - Note 15

Approved on behalf of the Board on June 29, 2017:

*"Steve Regoci"*
Director

*"Barrie DiCastri"*
Director

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the three months ended April 30, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Note | Three months ended April 30, 2017 | 2016 |
|---|---|---|---|
| **Expenses** | | | |
| Bank charges and interest | | $ 1,307 | $ 1,808 |
| Consulting fees | 11 | 19,166 | 3,962 |
| Depreciation | | 361 | 582 |
| Foreign exchange loss | | 204 | 1,527 |
| Insurance | | 2,310 | 2,310 |
| Management fees | 11 | 72,000 | 72,000 |
| Office and miscellaneous | | 15,148 | 3,738 |
| Professional fees | | 21,540 | 10,867 |
| Rent | | 15,127 | 13,538 |
| Shareholder communications | | 3,944 | 11,925 |
| Telephone | | 2,358 | 2,541 |
| Transfer agent and filing fees | | 5,087 | 2,457 |
| Travel and entertainment | | 100 | 338 |
| Wages | 11 | 2,879 | 32,969 |
| **Loss before other items** | | (161,531) | (160,562) |
| **Other items** | | | |
| Gain on sale of marketable securities | 4 | - | 27,499 |
| Other income | | 6 | 4,336 |
| Settlement of flow-through premium liability | 10 | 2,017 | - |
| Unrealized gain (loss) on marketable securities | 4 | (1,691) | 81,597 |
| | | 332 | 113,432 |
| **Net and comprehensive loss** | | **$ (161,199)** | **$ (47,130)** |
| **Loss per share - basic and diluted** | | **$ (0.00)** | **$ (0.00)** |
| **Weighted average number of common shares outstanding** | | **74,560,570** | **70,792,125** |

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the three months ended April 30, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Number of shares | Amount | Contributed surplus | Shares issuable | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance at January 31, 2017** | **74,350,458** | **$ 18,994,430** | **$ 2,638,139** | **$ -** | **$ (13,592,379)** | **$ 8,040,190** |
| Shares issued for mineral properties | 100,000 | 11,000 | - | - | - | 11,000 |
| Shares issued for cash: | | | | | | |
| Pursuant to the exercise of options | 400,000 | 40,000 | - | - | - | 40,000 |
| Subscriptions received | - | - | - | 142,000 | - | 142,000 |
| Net and comprehensive loss | - | - | - | - | (161,199) | (161,199) |
| **Balance at April 30, 2017** | **74,850,458** | **$ 19,045,430** | **$ 2,638,139** | **$ 142,000** | **$ (13,753,578)** | **$ 8,071,991** |

| | Number of shares | Amount | Contributed surplus | Shares issuable | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance at January 31, 2016** | **70,792,125** | **$ 18,554,265** | **$ 2,638,139** | **$ -** | **$ (13,156,087)** | **$ 8,036,317** |
| Net and comprehensive loss | - | - | - | - | (47,130) | (47,130) |
| **Balance at April 30, 2016** | **70,792,125** | **$ 18,554,265** | **$ 2,638,139** | **$ -** | **$ (13,203,217)** | **$ 7,989,187** |

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended April 30, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended April 30, 2017 | Three months ended April 30, 2016 |
|---|---|---|
| **Operating Activities** | | |
| Net loss | $ (161,199) | $ (47,130) |
| Adjustments for non-cash items: | | |
| Depreciation | 361 | 582 |
| Gain on sale of marketable securities | - | (27,499) |
| Settlement of flow-through premium liability | (2,017) | (4,288) |
| Unrealized (gain) loss on marketable securities | 1,691 | (81,597) |
| Changes in non-cash working capital items: | | |
| Sales taxes receivable | 21,513 | 26,147 |
| Prepaid expenses and advances | (10,242) | (37,865) |
| Trade payables and accrued liabilities | 100,302 | 63,038 |
| **Net cash flow used in operating activities** | (49,591) | (108,612) |
| **Investing Activities** | | |
| Expenditures on exploration and evaluation assets | (101,270) | (38,218) |
| Proceeds from the sale of marketable securities | - | 54,312 |
| **Net cash flows used in investing activities** | (101,270) | 16,094 |
| **Financing Activities** | | |
| Proceeds from issuance of common shares | 40,000 | - |
| Share subscription received | 142,000 | - |
| Advances from related parties | 3,507 | - |
| **Net cash flows provided by financing activities** | 185,507 | - |
| Change in cash | 34,646 | (92,518) |
| Cash, beginning of period | 89,563 | 449,571 |
| **Cash, end of period** | **$ 124,209** | **$ 357,053** |
| **Supplemental Information** | | |
| Interest paid | $ - | $ - |
| Income tax paid | $ - | $ - |

Non-cash transactions – Note 14

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

## 1. Corporate Information

Garibaldi Resources Corp. (the "Company") is an exploration stage company incorporated on November 22, 1993 under the laws of the Province of Alberta, Canada. Its business activity is the acquisition, exploration and evaluation of mineral properties located in Canada and Mexico. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "GGI".

The Company's head office and principal business address is Suite 1150, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

## 2. Basis of Preparation

***Statement of Compliance***

These condensed consolidated interim ed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended January 31, 2017, which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of those audited financial statements and have been consistently applied in the preparation of these condensed interim financial statements.

These condensed consolidated interim financial statements were authorized for issue on June 29, 2017 by the directors of the Company.

## 3. New Accounting Standards

The following standards will be adopted by the Company effective February 1, 2018:

**IFRS 15 *Revenue from Contracts with Customers*** - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

**IFRS 9 – *Financial Instruments*** - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments.

(Stated in Canadian Dollars)

**3. New Accounting Standards** (cont'd)

The following standard will be adopted by the Company effective February 1, 2019:

**IFRS 16 – *Leases*** - In June 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The Company is currently evaluating the impact that the adoption of the future standards may have on the Company's consolidated financial statements.

**4. Marketable Securities**

At April 30, 2017, marketable securities consist of 601 common shares of Coeur Mining Inc. During the three months ended April 30, 2017, the Company did not sell any marketable securities. During the three months ended April 30, 2016, the Company sold 8,000 common shares of Paramount Gold Nevada Corp. for gross proceeds of $54,280 resulting in a realized gain on sale of $27,499.

During the three months ended April 30, 2017, the Company recognized an unrealized loss of $1,691 (2016 – gain of $81,597) due to fluctuations in the quoted market price of the shares held.

**5. Sales Taxes Receivable**

| | | April 30, 2017 | | January 31, 2017 |
|---|---|---|---|---|
| IVA receivable (Mexico) | $ | 16,744 | $ | 26,705 |
| GST receivable (Canada) | | 10,493 | | 22,045 |
| Total | **$** | **27,237** | **$** | **48,750** |

The Company is exposed to credit risk on its sales taxes receivable which consist of refundable government goods and services taxes.

**6. Reclamation Deposits**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in redeemable interest bearing certificates with large financial institutions.

(Stated in Canadian Dollars)

**7. Equipment**

**April 30, 2017**

| | Motor vehicles | Office equipment | Drilling and exploration equipment | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| At January 31, 2017 | $ 129,268 | $ 12,994 | $ 362,891 | $ 505,153 |
| Additions | - | - | - | - |
| At April 30, 2017 | 129,268 | 12,994 | 362,891 | 505,153 |
| | | | | |
| **Accumulated depreciation:** | | | | |
| At January 31, 2017 | 114,046 | 9,990 | 344,726 | 468,762 |
| Depreciation | 761 | 150 | 909 | 1,820 |
| At April 30, 2017 | $ 114,807 | $ 10,140 | $ 345,635 | $ 470,582 |
| | | | | |
| **Net book value:** | | | | |
| At January 31, 2017 | $ 15,222 | $ 3,004 | $ 18,165 | $ 36,391 |
| At April 30, 2017 | **$ 14,461** | **$ 2,854** | **$ 17,256** | **$ 34,571** |

**January 31, 2017**

| | Motor vehicles | Office equipment | Drilling and exploration equipment | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| At January 31, 2016 | $ 129,268 | $ 12,994 | $ 362,568 | $ 504,830 |
| Additions | - | - | 323 | 323 |
| At January 31, 2017 | 129,268 | 12,994 | 362,891 | 505,153 |
| | | | | |
| **Accumulated depreciation:** | | | | |
| At January 31, 2016 | 110,240 | 9,240 | 340,226 | 459,706 |
| Depreciation | 3,806 | 750 | 4,500 | 9,056 |
| At January 31, 2017 | $ 114,046 | $ 9,990 | $ 344,726 | $ 468,762 |
| | | | | |
| **Net book value:** | | | | |
| At January 31, 2016 | $ 19,028 | $ 3,754 | $ 22,342 | $ 45,124 |
| At January 31, 2017 | **$ 15,222** | **$ 3,004** | **$ 18,165** | **$ 36,391** |

(Stated in Canadian Dollars)

## 8. Exploration and Evaluation Assets

**April 30, 2017**

| | Mexico | | | Canada | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **La Patilla** | **Iris** | **Sonora** | **Red Lion** | **Grizzly** | **King North & King South** | **E&L** | **Palm Springs** | **SID & Sunrise** | **Other** | | **TOTAL** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | | **$** |
| **Acquisition Costs** | | | | | | | | | | | | |
| Balance, January 31, 2017 | 112,666 | 264,123 | 1,295,271 | 55,817 | 142,223 | 71,628 | 118,111 | 18,000 | - | 78,555 | $ | 2,156,394 |
| Additions | - | - | - | - | - | - | - | - | 11,000 | - | $ | 11,000 |
| Balance, January 31, 2017 | **112,666** | **264,123** | **1,295,271** | **55,817** | **142,223** | **71,628** | **118,111** | **18,000** | **11,000** | **78,555** | $ | 2,167,394 |
| **Deferred Exploration Costs** | | | | | | | | | | | | |
| Balance, January 31, 2017 | 487,784 | 240,188 | 3,372,846 | 330,846 | 1,374,669 | 227,490 | 50,673 | 111,320 | 177,222 | 208,050 | $ | 6,581,088 |
| Depreciation | - | - | 1,459 | - | - | - | - | - | - | - | $ | 1,459 |
| Geology and mapping | - | - | - | - | - | - | 5,892 | 567 | - | 2,427 | $ | 8,886 |
| Surveying | - | - | - | - | - | - | 57,525 | - | - | - | $ | 57,525 |
| Travel and field | 1,394 | 6,408 | 79,890 | - | - | - | - | - | - | 1,090 | $ | 88,782 |
| Balance, January 31, 2017 | 489,178 | 246,596 | 3,454,195 | 330,846 | 1,374,669 | 227,490 | 114,090 | 111,887 | 177,222 | 211,567 | $ | 6,737,740 |
| Proceeds from sale of claim | - | - | - | - | - | (35,000) | - | - | - | - | $ | (35,000) |
| **Total** | **601,844** | **510,719** | **4,749,466** | **386,663** | **1,516,892** | **264,118** | **232,201** | **129,887** | **188,222** | **290,122** | $ | **8,870,134** |

(Stated in Canadian Dollars)

## 8. Exploration and Evaluation Assets (cont'd)

**January 31, 2017**

| | Mexico | | | Canada | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | La Patilla | Iris | Sonora | Red Lion | Grizzly | King North & King South | E&L | Palm Springs | SID & Sunrise | Other | TOTAL |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Acquisition Costs** | | | | | | | | | | | |
| Balance, January 31, 2016 | 112,666 | 264,123 | 1,295,271 | 55,817 | 142,223 | 41,628 | - | - | - | 74,697 | $ **1,986,425** |
| Additions | - | - | - | - | - | 30,000 | 118,111 | 18,000 | - | 3,858 | $ **169,969** |
| Balance, January 31, 2017 | **112,666** | **264,123** | **1,295,271** | **55,817** | **142,223** | **71,628** | **118,111** | **18,000** | **-** | **78,555** | $ **2,156,394** |
| **Deferred Exploration Costs** | | | | | | | | | | | |
| Balance, January 31, 2016 | 484,634 | 230,140 | 3,260,973 | 291,196 | 1,358,488 | 130,161 | - | - | - | 91,025 | $ **5,846,617** |
| Depreciation | - | - | 7,911 | - | - | - | - | - | - | - | $ **7,911** |
| Assays | - | - | 252 | 550 | 12,860 | 735 | 3,700 | 70 | - | 3,108 | $ **21,275** |
| Drilling and trenching | - | - | 2,002 | - | - | - | - | - | - | 103,087 | $ **105,089** |
| Geology and mapping | - | - | 10,860 | 35,214 | 2,125 | 27,750 | 23,051 | 44,738 | 37,400 | 7,606 | $ **188,744** |
| Surveying | - | - | - | 3,886 | 573 | 34,258 | 13,161 | 34,230 | 120,932 | - | $ **207,040** |
| Travel and field | 3,150 | 10,048 | 90,848 | - | 623 | 34,586 | 10,761 | 32,282 | 18,890 | 3,224 | $ **204,412** |
| Balance, January 31, 2017 | 487,784 | 240,188 | 3,372,846 | 330,846 | 1,374,669 | 227,490 | 50,673 | 111,320 | 177,222 | 208,050 | $ **6,581,088** |
| Proceeds from sale of claim | - | - | - | - | - | (35,000) | - | - | - | - | $ **(35,000)** |
| **Total** | **600,450** | **504,311** | **4,668,117** | **386,663** | **1,516,892** | **264,118** | **168,784** | **129,320** | **177,222** | **286,605** | $ **8,702,482** |

**8. Exploration and Evaluation Assets** (cont'd)

**Mexico Properties**

***La Patilla***

The Company owns a 100% interest in the 99 hectare La Patilla property located in the Municipality of Rosario, State of Sinaloa, Mexico. Should the property be placed in commercial production, the Company will issue a further 800,000 shares to the original owner and will pay a 3% net smelter return royalty capped at US$3,000,000. The Company may buy back 2% net smelter return at any time upon the payment of $2,000,000 to ProDeMin.

***Iris***

The Company owns a 100% interest in the Iris property located in Chihuahua State, Mexico. The property is subject to a 2% net smelter return royalty. The Company has the right to buy down the net smelter return royalty to 1% by paying US$1,500,000 to the optionor.

***Sonora Properties***

The Company owns four non-contiguous concessions in Sonora State, Mexico, known as the Tonichi, Badesi, Onavas and Rodadero concessions.

The Company must also incur minimum exploration and development expenditures approximating $75,000 per year to keep the concessions in good standing. The concessions will each be subject to a 1% net smelter return royalty which the Company can purchase at any time for $1,000,000 each.

In addition to the concessions already acquired, as noted above, the Company also entered into the following option agreement to acquire interest in additional concessions in the region:

***Rodadero – Cuproro Option***

On February 28, 2012 and subsequently amended on July 12, 2012, the Company entered into an option agreement to acquire a 100% interest in the Cuproro, Cuproro 1 and Cuproro 2 concessions which total 196 hectares. The Cuproro concessions are inliers in the Company's Rodadero concession.

In order to acquire a 100% interest in the concessions, the Company was required to make option payments totalling US$600,000 (including IVA) over five years.

During the year ended January 31, 2016, the Company abandoned its option to acquire the Cuproro concessions and recorded a write-off of the option payments totaling $33,435.

**8. Exploration and Evaluation Assets** (cont'd)

**Canada Properties**

***Mount Sister Mary and Red Lion***

On January 31, 2014, the Company entered into a mineral property option agreement to acquire five mineral tenures located in the Laird Mining Division of British Columbia, known as the Mount Sister Mary Property and six mineral tenures located in the Omenica Mining Division of British Columbia, known as the Red Lion Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $2,000,000. Under the terms of the agreement the option payments and share issuances were as follows:

- Within 10 days of TSX-V approval – cash payment of $18,500 (paid) and issuance of 75,000 common shares (issued with a fair value of $16,875).
- On or before January 31, 2015 – issuance of additional 150,000 common shares (issued with a fair value of $25,500).
- On or before January 31, 2016 – issuance of additional 150,000 common shares (issued with a fair value of $18,000).
- On or before January 31, 2017 – issuance of additional 150,000 common shares (issued subsequent to April 30, 2017).
- On or before January 31, 2018 – issuance of additional 500,000 common shares.

During the year ended January 31, 2016, the Company abandoned its interest in the Mount Sister Mary mineral tenures and recorded a write-off of the option payments and capitalized costs relating to the Mount Sister Mary mineral tenures in the amount of $65,295. The Company has retained the Red Lion mineral tenures and exploration and evaluation expenditures on those tenures continue to be capitalized.

***Grizzly***

The Company owns the Grizzly claims located in the Sheslay Valley district of north western British Columbia, subject to a 2% net smelter return royalty.

On January 27, 2014, the Company entered into an agreement to purchase two additional mineral claims, East Hat and East Hat 2, adjacent to the Grizzly claims. The vendor retained a 2% net smelter return on production from the properties. The Company has the option at any time to reduce the net smelter return to 1% for a payment of $1,000,000 to the vendor. On March 5, 2014, the Company received TSX-V approval of the agreement and issued 100,000 common shares with a fair value of $22,500 to the vendor.

**8. Exploration and Evaluation Assets** (cont'd)

***King***

On August 15, 2009, the Company entered into a mineral property option agreement to acquire six mineral tenures comprising approximately 1,720 hectares located in the Iskut River area of British Columbia, known as the King Property. Under the terms of the agreement, the Company agreed to pay $10,000 (paid), issue 100,000 common shares (issued on November 9, 2010 valued at $21,000), pay an additional $90,000 in cash or shares in tranches over the next five years, and complete $100,000 (completed) in exploration work on the property. The Company was to make a $70,000 payment by June 30, 2014 which was not paid.

On December 15, 2015, the option agreement was amended and the Company earned a 100% interest in the King Property by agreeing to engage the optionor for a minimum of $72,500 of exploration work on the King Property in 2016 in lieu of making the final $70,000 option payment. The optionor retained a net smelter return royalty of 2%.

***King South***

On May 10, 2016, the Company entered into a purchase agreement to acquire seventeen mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the King South claims in exchange for 300,000 common shares (issued during the nine months ended October 31, 2016 valued at $30,000) of the Company and agreeing to engage the vendor for a minimum of $50,000 (paid during the nine months ended October 31, 2016) of exploration work on the claims. The vendor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $1,000,000.

***E&L***

On June 3, 2016, the Company entered into a mineral property option agreement to acquire a 100% undivided interest in four mineral tenures located in the Liard Mining Division in northwest British Columbia, comprising 766.42 hectares known as the E&L Property. In order to earn the interest, the Company will be required make cash payments totalling $100,000, issuing 1,100,000 shares of the Company over a four-year schedule, and incurring exploration expenditures on the property totalling $375,000 by the end of the four-year option period. The option will be subject to a 2% net smelter return royalty retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of $5,000 and issuance of 100,000 common shares (paid and issued at value of $10,500 during the year ended January 31, 2017).
- On or before June 3, 2017 – cash payment of $15,000, issuance of an additional 200,000 common shares and incur $25,000 in exploration expenditures (issued subsequent to April 30, 2017).
- On or before June 3, 2018 – cash payment of $20,000, issuance of an additional 250,000 common shares and incur an additional $50,000 in exploration expenditures.
- On or before June 3, 2019 – cash payment of $25,000, issuance of an additional 250,000 common shares and incur an additional $75,000 in exploration expenditures.
- On or before June 3, 2020 – cash payment of $35,000, issuance of an additional 300,000 common shares and incur an additional $225,000 in exploration expenditures.

**8. Exploration and Evaluation Assets** (cont'd)

During the year ended January 31, 2017, the Company increased the size of the E&L property in a series of mineral property purchase agreements as follows:

i) Pursuant to a mineral property purchase agreement dated September 12, 2016, the Company acquired 20 mineral tenures, comprising 1,473.13 hectares known as the East Claims property in consideration for 150,000 common shares (issued during the year ended January 31, 2017 at a value of $12,750) and a cash payment of $15,000 (paid during the year ended January 31, 2017);

ii) Pursuant to a Purchase Agreement dated October 18, 2016, the Company acquired two mineral tenures comprising approximately 89.1269 hectares known as the E&L South and North claims in consideration for 75,000 common shares (issued during the year ended January 31, 2017 at a value of $6,750); and

iii) Pursuant to a Purchase Agreement dated October 28, 2016, the Company acquired 10 mineral tenures comprising approximately 4,148.33 hectares known as the Qu claims in consideration for 500,000 common shares (issued at a value of $65,000).

***Palm Springs***

On May 5, 2016, the Company entered into a mineral property option agreement to acquire 35 mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the Palm Spring Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $1,000,000. Under the terms of the agreement, in order to acquire an initial 60% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of $10,000 and issuance of 100,000 common shares (issued at a value of $8,000 and paid during the nine months ended October 31, 2016).
- On or before May 5, 2017 – issuance of an additional 200,000 common shares and incur $100,000 in exploration expenditures (issued subsequent to April 30, 2017).
- On or before May 5, 2018 – issuance of an additional 300,000 common shares and incur an additional $250,000 in exploration expenditures.
- On or before May 5, 2019 – issuance of an additional 400,000 common shares and incur an additional $750,000 in exploration expenditures.
- On or before May 5, 2020 – issuance of an additional 400,000 common shares and incur an additional $1,000,000 in exploration expenditures.

In order to acquire an additional 15% interest (75% total) in the Property the share issuances are as follows:

- On or before May 5, 2020 – issuance of an additional 2,000,000 common shares.

In order to acquire an additional 20% interest (95% total) in the Property the option payments are as follows:

- At any time – cash payment of $2,000,000.

**8. Exploration and Evaluation Assets** (cont'd)

***<u>Sid & Sunrise</u>***

On October 5, 2016, the Company entered into a mineral property option agreement to acquire a 100% interest in nine mineral tenures located in the Omenica Mining Division in British Columbia, comprising 2,443.17 hectares known as the SID claims. In order to earn the interest, the Company will be required to issue 2,000,000 common shares of the Company over a four-year period and incur exploration expenditures on the property totalling $1,000,000 by the end of the four-year option period. The option will be subject to a 2% net smelter return retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – issue 100,000 common shares (issued during the three-month period ended April 30, 2017 at a value of $11,000);
- On or before October 5, 2017 – issue 100,000 common shares and incur $25,000 in exploration expenditures.
- On or before October 5, 2018 – issue 200,000 common shares and incur an additional $100,000 in exploration expenditures.
- On or before October 5, 2019 – issue 600,000 common shares and incur an additional $250,000 in exploration expenditures.
- On or before October 5, 2020 – issue 1,000,000 common shares and incur an additional $625,000 in exploration expenditures.

***<u>Other</u>***

***Black Gold***

The Company's Black Gold property represents a black granite quarry located in Grand Forks, British Columbia. The claims remain in good standing.

***Tora Tora***

The Tora Tora mineral claims are located in the Similkameen area of British Columbia and were acquired at a nominal cost, subject to a 2% net smelter return royalty. The Company continues to pay maintenance fees to keep these claims in good standing.

***Golden Bear***

On May 5, 2015, the Company acquired eight mineral claims comprising approximately 1400 hectares adjacent to the southern border of the Company's Grizzly property.

Under the terms of the agreement, the Company issued 150,000 common shares with a fair value of $9,000 in exchange for a 100% interest in the Golden Bear claims, subject to a 2% net smelter returns royalty, half of which the Company can buy back for $1,000,000.

(Stated in Canadian Dollars)

**8. Exploration and Evaluation Assets** (cont'd)

***Caribou Copper-Gold Claims***

On April 3, 2017, the Company entered into a mineral property option agreement to acquire a 100% interest in five mineral tenures comprising 1,753 hectares in the Clinton and Caribou mining divisions of British Columbia.

Under the terms of the agreement, in order to acquire 100% interest in the property, the option payments, share issuances and exploration expenditures are as follows:

- Cash payment of $10,000 (paid subsequent to April 30, 2017)
- Issue 700,000 common shares of the Company over a two-year period (200,000 common shares were issued subsequent to April 30, 2017),
- Incur exploration expenditures on the property totalling $150,000 by the end of the two-year option period.

The vendor will retain a 2% net smelter return royalty, which may be reduced to 1% by the Company at any time for $1,500,000.

**9. Commitments**

***Operating lease:***

At April 30, 2017, future payments required under a non-cancellable operating lease for office premises contracted for but not capitalized in the financial statements are as follows:

| Fiscal year ending January 31, | | |
|---|---|---|
| 2018 | $ | 40,629 |
| 2019 | | 51,016 |
| | $ | 91,645 |

***Management services agreements:***

The Company entered into management services agreements which provides for monthly remuneration of $12,000 for each of its Chief Executive Officer and Chief Financial Officer.

**10. Share Capital**

***Authorized:***

Unlimited common shares with no par value

***Issued and Outstanding:***

At April 30, 2017, there were 74,850,458 (January 31, 2017 – 74,350,458) issued and outstanding common shares.

***Issued During the Three Months Ended April 30, 2017:***

During the three months ended April 30, 2017, the Company issued an aggregate of 400,000 common shares pursuant to the exercise of 400,000 options at an exercise price of $0.10 per common share for cash consideration of $40,000.

On April 12, 2017, 100,000 common shares with a fair value of $11,000 were issued as an option payment for the SID Property.

***Issued During the Year Ended January 31, 2017:***

On June 8, 2016, 100,000 common shares with a fair value of $8,000 were issued as an option payment for the Palm Springs Property (Note 8).

On June 21, 2016, 300,000 common shares with a fair value of $30,000 were issued as an option payment for the King South claims (Note 8).

On July 12, 2016, 100,000 common shares with a fair value of $10,500 were issued as an option payment for the E&L Property (Note 8).

On November 1, 2016, 150,000 common shares with a fair value of $12,750 were issued in connection with a mineral property purchase agreement for the E&L Property East claims (Note 8).

On November 10, 2016, 75,000 common shares with a fair value of $6,750 were issued in connection with a mineral property purchase agreement for the E&L Property South and North claims (Note 8).

On December 2, 2016, 500,000 common shares with a fair value of $65,000 were issued in connection with a mineral property purchase agreement for the E&L Property Qu claims (Note 8).

On December 29, 2016, the Company issued 2,333,333 flow-through common shares for gross proceeds of $350,000 pursuant to a non-brokered private placement. In connection with the private placement, the Company paid commissions of $22,000 and filing and legal fees of $9,168 which were recorded as share issue costs.

There was a flow-through premium of $0.005 per share or $11,667 which was recorded as a deferred flow-through premium and which will be recognized as other income as flow-through expenditures are incurred. During the thee month period ended April 30, 2017, the Company recorded other income of $2,017 in connection with this flow through premium. The difference of $338,333 between the gross proceeds of $350,000 and the deferred flow-through premium of $11,667 has been recognized as equity.

The Company renounced $350,000 of exploration expenditures to the investors under the look-back rule on December 31, 2016. The proceeds from the private placement are being used for exploration of the Company's B.C. properties.

(Stated in Canadian Dollars)

**10. Share Capital** (cont'd)

***Stock options:***

The Company has a stock option plan available to directors, officers, employees and consultants under which the total stock options available for grant is limited to 10% of the issued and outstanding common shares at any point in time. The exercise price of options granted may not be less than the market price of the Company's stock on the date of grant less any discount permitted by the policies of the TSX-V.

Options are granted for a maximum term of five years and vest on the date of the grant unless vesting terms are prescribed by regulatory policy or otherwise determined by the Company's Board of Directors.

*Stock Options Granted During the Three Months Ended April 30, 2017:*

There were no options issued during the three months ended April 31, 2017.

*Stock Options Granted During the Year Ended January 31, 2017:*

There were no options granted during the year ended January 31, 2017.

A summary of stock option activity for the three months ended April 30, 2017 and the year ended January 31, 2017 is as follows:

| | Three Months Ended April 30, 2017 | | Year Ended January 31, 2017 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Options outstanding, beginning of the period | 5,175,000 | $ 0.20 | 6,925,000 | $ 0.20 |
| Options expired | (500,000) | 0.30 | (1,750,000) | 0.35 |
| Options exercised | (400,000) | 0.10 | - | - |
| Options outstanding, end of the period | 4,275,000 | $ 0.14 | 5,175,000 | $ 0.15 |
| Options exercisable, end of the period | 4,275,000 | $ 0.14 | 5,175,000 | $ 0.15 |

During the three months ended April 30, 2017, 500,000 options at an exercise price of $0.30 per share expired unexercised and 400,000 options at an exercise price of $0.10 per share were exercised for cash proceeds of $40,000.

At April 30, 2017, the weighted average remaining contractual life of the outstanding options is 3.18 years.

At April 30, 2017, there were 4,275,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

| Number of options Outstanding | Exercise Price | Expiry Date |
|---|---|---|
| 525,000 | $0.20 | February 3, 2019 |
| 2,550,000 | $0.10 | July 30, 2020 |
| 1,200,000 | $0.20 | December 24, 2024 |
| 4,275,000 | | |

(Stated in Canadian Dollars)

**10. Share Capital** (cont'd)

***Share Purchase Warrants***

A summary of share purchase warrant activity for the three months ended April 30, 2017 and the year ended January 31, 2017 is as follows:

| | Three Months Ended April 30, 2017 | | | Year Ended January 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Number of warrants | | Weighted average exercise price | Number of warrants | | Weighted average exercise price |
| Warrants outstanding, beginning of the perio | 3,687,416 | $ | 0.23 | 6,663,571 | $ | 0.26 |
| Warrants expired | - | | - | (2,976,155) | | 0.30 |
| Warrants outstanding, end of the period | 3,687,416 | $ | 0.23 | 3,687,416 | $ | 0.23 |

At April 30, 2017, the weighted average remaining contractual life of the outstanding warrants is 0.65 years.

At April 30, 2017, there were 3,687,416 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

| Number of Warrants Outstanding | Exercise Price | Expiry Date |
|---|---|---|
| 2,020,750 | $0.25 | December 23, 2017 |
| 1,666,666 | $0.20 | December 23, 2017 |
| 3,687,416 | | |

(Stated in Canadian Dollars)

**11. Related Party Transactions**

The Company incurred the following charges by directors and officers of the Company or by companies with directors in common with the Company during the three months ended April 30, 2017 and 2016:

| | Three Months Ended April 30, 2017 | 2016 |
|---|---|---|
| Management fees | $ 72,000 | $ 72,000 |
| Consulting fees | 9,000 | - |
| Wages | - | 24,000 |
| | $ 81,000 | $ 96,000 |

***Key management personnel compensation***

The Company considers its Chief Executive Officer, Chief Financial Officer and Vice President and Manager of Mexican Operations to be key management. The Company incurred the following key management compensation charges during the three months ended April 30, 2017 and 2016:

| | Three Months Ended April 30, 2017 | 2016 |
|---|---|---|
| Short-term benefits | $ 84,000 | $ 96,000 |
| | $ 84,000 | $ 96,000 |

At April 30, 2017, accounts payable and accrued liabilities included $484,550 (January 31, 2017: $407,550) due to directors of the Company for services provided and for expenses incurred on behalf of the Company.

Related party loan payable includes $23,119 due to the Company's Chief Financial Officer for funds advanced to the Company to fund operations.

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

**12. Financial Instruments and Risk Management**

As at April 30, 2017, the Company's financial instruments consist of cash, marketable securities, trade payables and accrued liabilities, and related party loan payable.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**12. Financial Instruments and Risk Management** (cont'd)

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financing activities and its holdings of cash and marketable securities.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at April 30, 2017:

| | Within one year | Between one and five years | More than five years |
|---|---|---|---|
| Trade payables | $ 1,009,350 | $ - | $ - |
| Related party loan payable | 23,119 | - | - |
| | $ 1,032,469 | $ - | $ - |

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Mexican subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar.

**12. Financial Instruments and Risk Management** (cont'd)

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in Mexican pesos:

| | | April 30, 2017 | | January 31, 2017 |
|---|---|---|---|---|
| Cash | $ | 254 | $ | 3,317 |
| Sales taxes receivable | | 16,744 | | 26,705 |
| Trade payables | | (344,797) | | (256,229) |
| Total | $ | (327,799) | $ | (226,207) |

Based on the above net exposure, at April 30, 2017, a 10% change in the exchange rate of the Mexican peso in relation to the Canadian dollar would impact the Company's net income or loss by approximately $2,300.

The Company is also exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

| | | April 30, 2017 | | January 31, 2017 |
|---|---|---|---|---|
| Cash | $ | 449 | $ | 3,960 |

Based on the above net exposure, at April 30, 2017, a 10% change in the exchange rate of the US dollar in relation to the Canadian dollar would impact the Company's net income or loss by less than $100.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company cash is exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available.

***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. All marketable securities are subject to price and market volatility. At April 30, 2017, the Company holds 601 common shares of Coeur Mining Inc. with a total market value of $7,437. These shares are subject to market risk.

(Stated in Canadian Dollars)

**12. Financial Instruments and Risk Management** (cont'd)

***Classification of financial instruments***

Financial assets included in the statements of financial position are as follows:

| | April 30, 2017 | January 31, 2017 |
|---|---|---|
| Fair value through profit or loss: | | |
| Cash | $ 124,209 | $ 89,563 |
| Marketable securities | 7,436 | 9,127 |
| | $ 131,645 | $ 98,690 |

Financial liabilities included in the statements of financial position are as follows:

| | April 30, 2017 | January 31, 2017 |
|---|---|---|
| Non-derivative financial liabilities: | | |
| Trade payables | $ 1,009,350 | $ 855,125 |
| Related party loan payable | 23,119 | 19,612 |
| | $ 1,032,469 | $ 874,737 |

***Fair values***

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

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

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

The following is an analysis of the Company's financial instruments measured at fair value on a recurring basis as at April 30, 2017 and January 31, 2017:

| | April 30, 2017 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Cash | $ 124,209 | $ - | $ - |
| Marketable securities | 7,436 | - | - |
| | $ 131,645 | $ - | $ - |

| | January 31, 2017 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Cash | $ 89,563 | $ - | $ - |
| Marketable securities | 9,127 | - | - |
| | $ 98,690 | $ - | $ - |

(Stated in Canadian Dollars)

## 13. Segmented Information

***Operating segment***

The Company operates in a single reportable operating segment which is the acquisition and exploration of mineral properties.

***Geographic segments***

The Company's non-current assets are located in the following countries:

| | April 30, 2017 | | |
|---|---|---|---|
| | **Canada** | **Mexico** | **Total** |
| Equipment | $ 6,856 | $ 27,715 | $ 34,571 |
| Reclamation deposits | 33,890 | - | 33,890 |
| Exploration and evaluation assets | 3,008,102 | 5,862,032 | 8,870,134 |
| | $ 3,048,848 | $ 5,889,747 | $ 8,938,595 |

| | January 31, 2017 | | |
|---|---|---|---|
| | **Canada** | **Mexico** | **Total** |
| Equipment | $ 7,217 | $ 29,174 | $ 36,391 |
| Reclamation deposits | 33,890 | - | 33,890 |
| Exploration and evaluation assets | 2,929,604 | 5,772,878 | 8,702,482 |
| | $ 2,970,711 | $ 5,802,052 | $ 8,772,763 |

## 14. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended April 30, 2017 and 2016, the following transactions were excluded from the statements of cash flows:

| | **April 30, 2017** | **April 30, 2016** |
|---|---|---|
| Depreciation on equipment capitalized to exploration and evaluation assets | $ 1,459 | $ 2,707 |
| Shares issued for exploration and evaluation assets | 11,000 | - |
| Exploration and evaluation assets included in receivables/payables | (53,923) | (33,286) |

**15. Events after the Reporting Period**

Subsequent to April 30, 2017, the Company announced a non-brokered private placement to raise total gross proceeds of $1,280,000. The private placement will consist of (i) 4,000,000 non flow-through units at $0.14 per unit for gross proceeds of $560,000 and (ii) 4,000,000 flow-through units at $0.18 per unit for gross proceeds of $720,000. Each non flow-through unit will consist of one common share and one full non-transferrable share purchase warrant exercisable into one common share at $0.20 per share for a period of two years. Each flow-through unit will consist of one flow-through common share and one half non-transferrable share purchase warrant, with each full warrant exercisable at $0.25 per share for a period of two years. As at June 29, 2017, the Company had received $672,000 in flow through subscription proceeds and $169,260 in non-flow through subscription proceeds in connection with this private placement. The Company had paid finder's fees of $42,000 in connection with certain flow through subscriptions.