NETWORK EXPLORATION LTD.

INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED FEBRUARY 28, 2017

(UNAUDITED)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Consolidated Interim Financial Statements

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

The accompanying unaudited consolidated interim financial statements of the Company for the three months ended February 29, 2016 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these consolidated interim financial statements.

NETWORK EXPLORATION LTD.

STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	February 28 2017	November 30 2016
ASSETS		
Current assets		
Cash	$ 12,874	$ 4,521
GST recoverable	1,899	890
Prepaid expenses	11,302	11,302
Total current assets	26,075	16,713
Non-current assets		
Deferred financing costs (Note 11)	70,000	45,000
Deposits (Note 11)	114,095	114,095
Loan receivable (Note 11)	49,790	49,790
Total non-current assets	233,885	208,885
Total assets	$ 259,960	$ 225,598
LIABILITIES		
Current liabilities		
Trade and other payables (Note 7)	$ 107,062	$ 104,055
Other accrued liabilities	17,954	15,954
Loans payable (Note 6)	85,364	35,700
Total liabilities	210,380	155,709
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	17,073,936	17,073,936
Share subscriptions received	-	-
Share-based payments reserve	762,213	762,213
Deficit	(17,786,569)	(17,766,260)
Total shareholders' equity	49,580	69,889
Total liabilities and shareholders' equity	$ 259,960	$ 225,598

Approved and authorized for issue on behalf of the Board of Directors on April 28, 2017:

"Alexander Helmel"	"Bob Friesen"
Director	Director

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

NETWORK EXPLORATION LTD.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

		Three Months Ended		
		February 28 2017		February 29 2016
Expenses				
Consulting and management fees (Note 7)	$	**1,500**	$	15,000
Interest and bank charges (Note 6)		**2,617**		-
Marketing and promotion		**7,500**		-
Office facilities and services (Note 7)		**5,274**		7,054
Professional fees		**2,000**		2,000
Transfer and listing fees		**1,418**		11,884
Travel and project investigation		**-**		1,197
Net loss and comprehensive loss for the period	$	**(20,309)**	$	(37,135)
Basic and diluted loss per share	$	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding		**9,864,522**		4,437,547

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

NETWORK EXPLORATION LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Class A Common Shares	Class B Common Shares	Class A Common Shares	Class B Common Shares				
	Number	Number	Amount	Amount	Share Subscriptions Received	Share-based Payments Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, November 30, 2016	**9,864,522**	**8**	**$ 17,039,080**	**$ 34,856**	**$ -**	**$ 762,213**	**$ (17,766,260)**	**$ 69,889**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(20,309)**	**(20,309)**
Balance, February 28, 2017	**9,864,522**	**8**	**17,039,080**	**34,856**	**-**	**762,213**	**(17,786,569)**	**(49,580)**
Balance, November 30, 2015	4,437,522	8	$ 16,496,380	$ 34,856	$ 25,000	$ 762,213	$ (17,549,291)	$ (230,842)
Share subscriptions received	-	-	-	-	17,000	-	-	17,000
Net loss for the period	-	-	-	-	-	-	(37,135)	(37,135)
Share consolidation adjustment	17	-	-	-	-	-	-	-
Balance, February 29, 2016	4,437,539	8	$ 16,496,380	$ 34,856	$ 42,000	$ 762,213	$ (17,586,426)	$ (250,977)

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

NETWORK EXPLORATION LTD.

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three Months Ended February 28 2017	February 29 2016
Operating activities		
Net loss for the period	**$ (20,309)**	$ (37,135)
Items not involving the use of cash		
Interest on loans payable	**2,264**	-
Changes in working capital items:		
GST recoverable	**(1,009)**	1,837
Trade and other payables	**5,007**	11,861
Cash used in operating activities	**(14,047)**	(23,437)
Financing activities		
Share subscriptions received	**-**	17,000
Deferred financing costs	**(25,000)**	-
Loan proceeds received (repaid)	**47,400**	(2,000)
Cash provided by financing activities	**22,400**	15,000
Increase (Decrease) in cash	**8,353**	(8,437)
Cash, beginning of period	**4,521**	14,755
Cash, end of period	**$ 12,874**	$ 6,318

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

1. CORPORATE INFORMATION AND GOING CONCERN

Network Exploration Ltd. (the "Company") was incorporated on September 2, 1983 under the laws of British Columbia. The Company's principal business activity is the exploration and evaluation of minerals in its mineral properties.

The address of the Company's head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1005 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the three month period ended February 28, 2017, the Company incurred a net loss of $20,309 (2016 - $37,135) and as at February 28, 2017, has an accumulated deficit of $17,786,569 (2016 - $17,586,426).

The Company's ability to continue as a going concern, to fund property acquisitions and work commitments and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company's ability to continue as a going concern. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

These interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. STATEMENT OF COMPLIANCE

These unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS"), Interim Financial Reporting ("IAS 34"). The accounting policies adopted in these interim financial statements are consistent with the accounting policies adopted in the Company's financial statements for the years ended November 30, 2016 and 2015, and as such, these unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the years ended November 30, 2016 and 2015.

The preparation of unaudited interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Company's accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company's unaudited consolidated interim financial statements are discussed in Note 3.

The Company's unaudited consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these unaudited consolidated interim financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared on the historical cost basis using the accrual basis of accounting, except for cash flow information and as otherwise specified, as set out in the accounting policies below.

a) Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. The functional currency is also the presentation currency.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in profit or loss in the period of translation.

At the entity level, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the date of the transaction. Income and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are credited or charged to profit or loss in the period in which they arise.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term, highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at February 28, 2017 and November 30, 2016, the Company did not have any cash equivalents.

c) Financial Instruments

The Company's financial instruments consist of cash, deposits, loan receivable, trade and other payables, and loans payable. Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivable", "available-for-sale", "held-to-maturity", or "other financial liabilities measured at amortized cost" as defined by *IAS 39, Financial Instruments - Recognition and Measurement.*

Cash and deposits are designated as fair value through profit or loss and are carried at fair value with gains or losses recognized in profit or loss.

Loan receivable is designated as loans and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments

Trade and other payables, and loans payable are designated as other financial liabilities.

The Company has no derivative financial instruments.

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:

i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

d) Impairment

Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Non-financial Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and upon reclassification of these costs to assets under development. Facts and circumstances giving rise to an impairment of exploration and evaluation assets include:

- The right to explore has, or will in the near future, expired and renewal is not expected;
- Further exploration and evaluation expenditure is not budgeted or planned;
- Activities have been discontinued due to lack of discovery; and
- Development is likely, but the recorded amount of exploration and evaluation asset is unlikely to be recovered in full.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment (continued)

For purposes of impairment testing, exploration and evaluation costs are allocated to cash-generating units ("CGU") based on their ability to generate largely independent cash flows. If indicators of impairment exist, the recorded cost of an asset or CGU is written down to the recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss for the period.

f) Provision for Decommissioning Liabilities

A provision for decommissioning liabilities including a legal or constructive obligation to incur restoration, rehabilitation and environmental costs is recognized based on statutory, contractual or constructive obligations resulting from the acquisition, exploration and development of mineral properties. The net present value of the future decommissioning liabilities is capitalized to the related asset with a corresponding increase in the provision for decommissioning liabilities. The net present value is calculated using a pre-tax rate that reflects the time-value of money and the risks specific to the liability. The unwinding of the discount is classified as a finance cost in profit or loss.

As at February 28, 2017 and November 30, 2016, the Company had no provisions for decommissioning liabilities.

g) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

h) Share-based Payments

The Company has a stock option plan under which it grants stock options to directors, employees and consultants.

Share-based payments are recorded as expenses for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in share-based payments reserve. Each transfer in an award is considered separately with its own vesting date and grant date fair value. The Company uses the

Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in share capital.

For equity-settled stock-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company has no cash-settled share-based payment transactions.

i) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

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

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings/loss per share reflect the potential dilution of outstanding stock options and warrants that could share in the earnings of the Company. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee continuously issue certain new standards and interpretations. The following standards have been issued but not effective until the annual period beginning on or after December 1, 2016. The Company has not adopted the following standards and is in the process of evaluating the impact that these standards will have on the financial statements:

a) IFRS 9 Financial Instruments

IFRS 9 Financial Instrument is part of the IASB's wider project of replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 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 the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

c) IFRS 16 Leases

IFRS 16 replaces the previous leases standard, IAS 17 Leases, and interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, lessee and lessor. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

5. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

- The amounts disclosed related to fair values of stock options and warrants issued and the resultant effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.

- The valuation of deferred income tax assets is based on estimates of the probability of the Company utilizing certain tax pools and assets and on the impact of future changes in legislation, tax rates and interpretations by taxation authorities.

- The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the year as the new information becomes available. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

6. LOANS PAYABLE

As at February 28, 2017, $21,300 (2016 - $Nil) was due to an officer and $61,100 (2016 – $15,500) was due to a third party. Loans payable are unsecured and payable on demand. All loans payable bear interest at rates of 1% per month.

During the three months ended February 28, 2017, the Company recorded $2,264 (2016 - $Nil) in interest expense that is included in the loans payable balance.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured at the amounts established and agreed to by the related parties.

Key Management Compensation

	THREE MONTHS ENDED	
	FEB 28 2017	FEB 29 2016
Consulting and management fees	**$ 1,500**	$ 9,500

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Company incurred the following transactions:

As at February 28, 2017, trade and other payables include $27,300 (2016 - $69,300) due to related parties. Amounts due to related parties are interest free, unsecured, and have no specified terms of repayment.

The Company shares office space with other companies. During the three months ended February 28, 2017, the Company paid $31,137 (2016 - $30,684) in total rent, of which $Nil (2016 - $4,500) were recovered from companies with a common director and $26,450 (2016 - $20,050) were recovered from other companies.

8. SHARE CAPITAL

a) Authorized

Unlimited number of Class A common shares without par value
Unlimited number of Class B non-voting convertible common shares without par value, convertible to Class A common shares on a 1 for 1 basis.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. SHARE CAPITAL (continued)

b) Issued

On April 4, 2016, the Company closed a non-brokered private placement ("the Offering") issuing 5,427,000 Class A common shares at a price of $0.10 per share for gross proceeds of $542,700. No finder's fees were paid in relation to this private placement. All securities issued under the Offering were subject to a statutory hold period that ended on August 5, 2016 in accordance with applicable Canadian securities laws. The proceeds of the Offering were used for general working capital.

On January 20, 2016, the Company consolidated its common shares (the "Shares") on the basis of one post-consolidated common share for every four pre-consolidated Shares held (the "Consolidation"). The Consolidation was approved by shareholders of the Company at the Company's Annual and Special Meeting held on December 17, 2015. The Company had 4,437,530 common shares issued and outstanding following the Consolidation. All references to the number of common shares and per common share amounts have been retroactively restated to reflect this common share consolidation.

The Company did not issue any common shares during the three month period ended February 28, 2017.

c) Escrow Shares

As at February 28, 2017 and November 30, 2016, no common shares were held in escrow.

d) Stock Options

The Company has a fixed stock option plan, which follows the policies of the TSX Venture Exchange ("TSXV") regarding stock option awards granted to employees, directors and consultants. According to the plan, the Company may grant incentive stock options up to a total of 10% of the Company's issued and outstanding common shares issued.

A summary of the changes in stock options is presented below:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, November 30, 2015	14,375	$ 4.00
Expired	(14,375)	4.00
Balance, February 28, 2017 and November 30, 2016	**-**	**$ -**

As at February 28, 2017 and November 30, 2016, there were no stock options to purchase Class A common shares outstanding. The Company did not grant any stock options during the three month period ended February 28, 2017 and the year ended November 30, 2016.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. SHARE CAPITAL (continued)

e) Warrants

A summary of the changes in warrants is presented below:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, November 30, 2015	670,251	$ 0.40
Expired	(670,251)	0.40
Balance, February 28, 2017 and November 30, 2016	**-**	**$ 0.40**

As at February 28, 2017, the Company did not have any warrants outstanding.

9. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash, deposits, loan receivable, trade and other payables, and loans payable. Cash is measured at fair value based on Level 1 input of the fair value hierarchy. The fair value of deposits, loan receivable, trade and other payables, and loans payable approximate their carrying values.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to minimal credit risk. The credit risk on cash is low because the counterparties are highly rated banks.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables and loans payable are all current. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

d) Foreign Currency Risk

The Company operates in Canada and is not exposed to currency risk.

10. CAPITAL MANAGEMENT

The Company is in the business of mineral exploration in Canada and South America. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

As the Company does not generate any revenue, the Company is dependent upon external financing to fund both future projects and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new projects and to seek to acquire an interest in additional projects, if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the three month period ended February 28, 2017.

The Company is not subject to externally imposed capital requirements.

11. COMMITMENTS

a) Office Lease

The Company has an office lease agreement expiring June 30, 2021 and is committed to total monthly basic rental payments averaging $4,292 from July 1, 2016 to June 30, 2021, of which a portion is recoverable from companies with a common director and other companies for sharing office space. Pursuant to the lease agreement, the Company has paid $14,095 in a security deposit.

b) Share Exchange Agreement

On July 19, 2016, the Company entered into a share exchange agreement (the "SEA") with YD Ynvisible S.A. ("Ynvisible") pursuant to which the Company will acquire 95.53% (and later amended to 94.18%) of the issued and outstanding shares of Ynvisible in exchange for common shares of the Company. In consideration for this acquisition, the Company will issue 24,648,950 common shares at a deemed price of $0.30 per Class A common shares for an aggregate purchase price of $7,394,685. The shares will be subject to various escrow provisions.

Pursuant to the terms of the SEA, the majority of the Company's management and directors will be replaced with nominees of Ynvisible, and the Company will issue sufficient securities such that the transaction will constitute a Change of Business Reverse Takeover ("RTO") under the rules of the TSX Venture Exchange (the "Exchange").

Upon successful completion of the RTO, Network will cease all operations as a mining exploration company, will be listed as a Tier 2 Technology Issuer on the Exchange, and the business of Ynvisible will become the business of the Company.

11. COMMITMENTS (continued)

b) Share Exchange Agreement (continued)

In addition, the Company has agreed to pay a non-refundable deposit of $100,000 to Ynvisible in connection with Ynvisible’s up front audit, transaction and due diligence expenses (included within Deposits in the Company’s statement of financial position).

The Company has also provided a bridge loan to Ynvisible in connection with the SEA in the amount of $50,000 (included within loan receivable in the Company’s statement of financial position). This loan bears interest at a rate of 12% per annum.

Concurrent with the SEA, the Company has agreed to arrange a financing for gross proceeds of no less than $3,300,000 through the issuance of the Company’s common shares at a price of $0.30 per share.

To date, the Company has incurred $45,000 in expenses relating to this RTO, which have been recorded as deferred financing costs in the Company’s statement of financial position.

c) Financing

The Company has entered into an engagement letter with an agent (the "Agent") in respect of the proposed prospectus offering, which will be superseded by an agency agreement with respect to the offering, for gross proceeds of up to $4,000,000 through the issuance of common shares of the Company at a price of $0.30 per share (the “Offering”).

The Company has granted the Agent an option (the "Over-Allotment Option"), exercisable in whole or in part, at any time and from time to time up to 48 hours prior to the closing of the Offering, to offer up to an additional 2,000,000 common shares of the Company at a price of $0.30 per share for additional proceeds of a maximum of $600,000 (15% of $4,000,000) to cover over-allotments, if any.