Strategic Metals Ltd.
Consolidated Interim Financial Statements
For the nine months ended
September 30, 2017
Unaudited – Prepared by Management

Strategic Metals Ltd.
#1016 – 510 West Hastings Street
Vancouver, British Columbia
V6B 1L8

November 28, 2017

To the Shareholders of
Strategic Metals Ltd.

The attached consolidated interim financial statements have been prepared by the management of Strategic Metals Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

W. Douglas Eaton
Chief Executive Officer

Strategic Metals Ltd.

Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

	Note	**September 30, 2017 $**	December 31, 2016 $
Assets			
Current assets			
Cash and cash equivalents	3	17,234,780	18,207,169
Receivables and prepayments	4	309,078	204,056
Loan receivable	16(b)	100,000	-
Marketable securities	5	13,404,267	11,483,489
		31,048,125	**29,894,714**
Non-current assets			
Reclamation deposits	8	27,469	27,260
Prepaid exploration expenditures		1,104	856
Mineral property interests	7	52,142,830	47,639,417
Equipment	9	-	180,577
		52,171,403	**47,848,110**
Total assets		**83,219,528**	**77,742,824**
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		497,827	237,415
Accounts payable to related parties	12	465,783	260,790
		963,610	**498,205**
Non-current liabilities			
Deferred income tax liability	13	4,447,773	4,078,008
Total liabilities		**5,411,383**	**4,576,213**
Equity			
Share capital	10	48,289,120	48,151,278
Contributed surplus	10	1,160,335	2,177,273
Retained earnings		10,641,556	9,087,573
Equity attributable to owners of the Company		60,091,011	59,416,124
Non-controlling interests		17,717,134	13,750,487
Total equity		**77,808,145**	**73,166,611**
Total liabilities and equity		**83,219,528**	**77,742,824**

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Approved on behalf of the Board of Directors on November 28, 2017:

"Bruce J. Kenway" **Director** *"Glenn R. Yeadon"* **Director**

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

Strategic Metals Ltd.

Consolidated Interim Statements of Changes in Equity

Unaudited – Prepared by Management

For the nine months ended September 30, 2017 and September 30, 2016

	Number of shares #	Share capital $	Contributed surplus $	Retained earnings $	Attributable to owners $	Non-controlling interests $	Total equity $
January 1, 2016	86,768,351	46,813,965	4,364,662	3,199,248	54,377,875	13,962,120	68,339,995
Share-based payments	-	-	377,380	-	377,380	196,054	573,434
Exercise of options	210,000	75,500	-	-	75,500	-	75,500
Re-allocated on exercise of options	-	38,199	(38,199)	-	-	-	-
Cancellation/expiry of options	-	-	(2,397,718)	2,397,718	-	-	-
Subsidiary share issue for cash	-	-	-	-	-	2,515,000	2,515,000
Subsidiary share issue costs	-	-	-	-	-	(183,105)	(183,105)
Subsidiary equity adjustments	-	-	-	-	-	(214,895)	(214,895)
Dilutive effect of subsidiary share issue	-	-	-	(262,335)	(262,335)	262,335	-
Deconsolidation of Subsidiary	-	-	-	-	-	(2,224,407)	(2,224,407)
Cancellation of options on deconsolidation	-	-	(216,885)	216,885	-	-	-
Private placement shares issued	2,149,300	1,499,960	-	-	1,499,960	-	1,499,960
Premium on flow-through shares issued	-	(223,896)	-	-	(223,896)	-	(223,896)
Share issue costs	-	(69,893)	-	-	(69,893)	-	(69,893)
Comprehensive income (loss)	-	-	-	6,496,293	6,496,293	(461,317)	6,034,976
September 30, 2016	**89,127,651**	**48,133,835**	**2,089,240**	**12,047,809**	**62,270,884**	**13,851,785**	**76,122,669**
January 1, 2017	89,155,151	48,151,278	2,177,273	9,087,573	59,416,124	13,750,487	73,166,611
Share-based payments	-	-	61,798	-	61,798	69,215	131,013
Exercise of options	285,000	101,750	-	-	101,750	-	101,750
Reallocation on exercise of options	-	36,092	(36,092)	-	-	-	-
Expiry of options	-	-	(1,049,861)	1,049,861	-	-	-
Subsidiary Issue of warrants			7,217	-	7,217	11,151	18,368
Subsidiary shares issue for cash	-	-	-	-	-	5,075,000	5,075,000
Subsidiary share issue costs	-	-	-	-	-	(338,135)	(338,135)
Net share accretion on subsidiary share issues	-	-	-	438,726	438,726	(438,726)	-
Spin-out of subsidiary shares	-	-		(925,352)	(925,352)	-	(925,352)
Comprehensive income (loss)	-	-	-	990,748	990,748	(411,858)	578,890
September 30, 2017	**89,440,151**	**48,289,120**	**1,160,335**	**10,641,556**	**60,091,011**	**17,717,134**	**77,808,145**

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

Strategic Metals Ltd.

Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income

Unaudited – Prepared by Management

For the three and nine months ended September 30,

	Note	Three months ended **September 30, 2017** **$**	Three months ended September 30, 2016 $	Nine months ended **September 30, 2017** **$**	Nine months ended September 30, 2016 $
Expenses					
Accounting, audit and legal	12	111,191	66,443	391,312	238,460
Consulting fees	12	13,500	13,500	43,116	61,350
General and administrative expenses		21,605	20,164	58,760	46,047
Insurance		12,050	11,411	36,901	44,959
Investor relations and shareholder information		64,067	58,088	177,520	120,847
Management, administration and corporate development fees	12	58,474	124,582	331,297	338,775
Mineral property examination	12	4,454	8,312	22,316	78,831
Mineral property impairments	7	-	184	303,469	17,010
Office rent	12	18,600	18,000	55,800	69,000
Research expenses	6	27,995	151,035	109,015	324,983
Salaries and benefits	12	64,709	-	111,874	-
Share-based payments	10	-	320,711	131,013	573,434
Transfer agent and filing fees		13,117	14,824	60,879	34,889
Loss from operating expenses		**(409,762)**	(807,254)	**(1,833,272)**	(1,948,585)
Write-off of equipment	9	-	-	(245,577)	-
Interest income		40,629	50,047	123,655	150,810
Gain on sale of mineral property interests		150,000	184,837	240,991	184,837
Gain (loss) on sale of marketable securities	5	37,292	(583,453)	(43,443)	(2,386,170)
Unrealized gain (loss) on marketable securities	5	189,574	(3,459,473)	2,405,287	9,278,542
Gain on deconsolidation of subsidiaries	6	-	-	151,948	828,008
(Loss) income for the period before income taxes		**7,733**	(4,615,296)	**799,589**	6,107,442
Income tax (expense) recovery	13	(136,318)	590,190	(220,699)	(72,466)
(Loss) income and comprehensive (loss) income for the period		**(128,585)**	(4,025,106)	**578,890**	6,034,976
(Loss) income and comprehensive (loss) income for the period attributable to:					
Owners of the Company		**32,004**	(3,757,606)	**990,748**	6,496,293
Non-controlling interest		**(160,589)**	(267,500)	**(411,858)**	(461,317)
		(128,585)	(4,025,106)	**578,890**	6,034,976
(Loss) earnings per share					
Weighted average number of common shares outstanding					
- Basic #	**11**	**89,440,151**	88,425,401	**89,263,649**	87,431,812
- Diluted #	**11**	**91,506,146**	88,425,401	**91,361,895**	87,939,882
Basic (loss) earnings per share $	**11**	**0.00**	(0.04)	**0.01**	0.07
Diluted (loss) earnings per share $	**11**	**0.00**	(0.04)	**0.01**	0.07

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

Strategic Metals Ltd.

Consolidated Interim Statements of Cash Flows

Unaudited – Prepared by Management

For the nine months ended September 30,

	Note	**2017** $	2016 $
Operating activities			
Income and comprehensive Income for the period		578,890	6,034,976
Adjustments for non-cash items:			
Mineral property impairments		303,469	17,010
Gain on disposal of mineral property interests		(240,991)	(184,837)
Share-based payments		131,013	573,434
Gain on marketable securities		(2,361,844)	(6,892,372)
Deferred income tax expense		220,699	72,466
Gain on deconsolidation of subsidiary		(151,948)	(828,008)
Write-off of mining equipment		245,577	-
Interest income		(123,655)	(150,810)
Net change in non-cash working capital items	14	(184,618)	(138,311)
		(1,583,408)	(1,496,452)
Financing activities			
Issue of subsidiary common shares for cash		5,075,000	4,090,460
Exercise of options for cash		101,750	-
Share issue costs		(189,065)	(277,556)
		4,987,685	**3,812,904**
Investing activities			
Interest received		123,655	150,810
Change in reclamation deposit		(209)	(210)
Exploration grant received		50,000	40,234
Loan receivable		(100,000)	-
Purchase of marketable securities		(100,000)	-
Cash removed on deconsolidation of subsidiary		(460,490)	(1,553,914)
Proceeds from sale of marketable securities		999,964	1,129,643
Proceeds on disposal of mineral property interest		-	100,000
Purchase of mining equipment		(65,000)	-
Mineral property acquisition costs		(620,553)	(279,699)
Deferred exploration and evaluation expenditures		(4,204,033)	(4,702,115)
		(4,376,666)	**(5,115,251)**
Net decrease in cash and cash equivalents		**(972,389)**	(2,798,799)
Cash and cash equivalents, beginning of period		**18,207,169**	23,473,894
Cash and cash equivalents, end of period		**17,234,780**	**20,675,095**

Supplemental cash flow information 14

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

1) Nature of operations and going concern

Strategic Metals Ltd. (the "Company" or "Strategic") is incorporated under the laws of the Province of British Columbia, Canada. Head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral properties located in Canada. The consolidated interim financial statements ("financial statements") of the Company as at September 30, 2017 and for the nine months ended September 30, 2017 and September 30, 2016 comprise the Company and its subsidiaries, and the Company's interest in jointly controlled operations and entities over which it has significant influence. Its common shares trade on the TSX Venture Exchange ("TSX-V").

The Company's main corporate strategy is to advance its mineral properties to a drill-ready stage and then option or sell them to other parties. Under option or sale agreements, the Company may receive cash and/or shares in the acquiring companies, and may retain interests or royalty interests in the properties. Through this process, the Company has assembled a large portfolio of direct and indirect mineral property interests and marketable securities, which have generated adequate cash flows to meet overheads and ongoing exploration and drilling programs. The Company has not yet determined whether its direct or indirect mineral property interests contain mineral reserves that are economically viable. The Company's continued operations, and the underlying value and recoverability of the amounts shown for mineral property interests and marketable securities, are entirely dependent upon the existence of economically recoverable mineral reserves of the Company and those in which it holds a mineral property or shareholder interest. The continued exploration and development of projects will depend on it receiving future cash flows from the disposition of its mineral property interests and marketable securities, or from its ability to obtain share capital financing.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional revenue sources, and historically has relied on property option or sale proceeds and share capital financing to cover its property acquisition, exploration and evaluation expenditures and operating expenses. As at September 30, 2017, the Company had equity attributable to owners of the Company of $60,091,011 (December 31, 2016 - 59,416,124) and working capital of $30,084,515 (December 31, 2016 - $29,396,509). Working capital includes the working capital of companies that are consolidated, which includes the working capital of subsidiary company Rockhaven Resources Ltd. ("Rockhaven") of $1,475,954 (December 31, 2016 – $1,141,579) and the working capital of subsidiary company Terra CO2 Technologies Ltd. ("Terra CO2") of $428,967 (December 31, 2016 – $33,581). The working capital excludes the working capital of Trifecta Gold Ltd. ("Trifecta"), which as of June 9, 2017, is deconsolidated (see note 6). The Trifecta working capital deficiency on December 31, 2016 of ($23,176) is included in 2016 working capital. The working capital does not include the fair value of its Rockhaven common shares, which trade on the TSX-V and are eliminated on consolidation. The Rockhaven shares had a value of $8,455,190 on September 30, 2017 (December 31, 2016 - $8,828,550). As Trifecta ceased to be consolidated as of June 9, 2017, the fair value of the Trifecta common shares on September 30, 2017 of $417,078 is now included in working capital. The shares of Terra CO2 do not trade on any stock market. Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these consolidated financial statements it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

2) Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting*,* using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2016, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

2. Significant accounting policies (continued)

(a) Basis of presentation (continued)

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies used are those the Company expects to adopt in its annual audited consolidated financial statements for the year ended December 31, 2017, and have been applied consistently to all periods presented by the Company and its subsidiaries.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

(b) Principles of consolidation

These financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

The financial statements include the following entities and percentage ownership:

Strategic	100.0%	Parent company
Silver Range (until June 30, 2016)	14.1%	Exploration company (see note 6)
Rockhaven (effective from March 25, 2015)	39.3%	Exploration company (see note 6)
Terra CO2 (formerly 0881362 B.C. Ltd.)	89.5%	Research and development company (see note 6)
Trifecta (until June 9, 2017)	9.2%	Exploration company (see note 6)

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interests consist of the non-controlling interests' portion of net assets and income or losses.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. When applicable, the financial statements include the Company's share of the income (loss) and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee.

The Company accounted for its investment in Silver Range as a controlled entity requiring consolidation until June 30, 2016, at which date it effectively relinquished control. As at June 30, 2016, the accounts of Silver Range were deconsolidated and the investment in Silver Range has since been accounted for as a marketable security (see note 5 and 6).

The Company has accounted for its investment in Trifecta as a controlled entity requiring consolidation since its incorporation on October 4, 2016. Effective June 9, 2017, the Company's ownership position was reduced to approximately 9.2% through a plan of arrangement, at which date it effectively relinquished control. As at June 9, 2017, the accounts of Trifecta were deconsolidated and the Company now accounts for its investment in Trifecta as a marketable security (see note 5 and 6).

2. Significant accounting policies (continued)

(b) Principles of consolidation (continued)

On November 26, 2015, the Company completed a subscription agreement with Precipitate Gold Corp ("Precipitate"), a TSX-V listed company, for the purchase of units consisting of common shares and share purchase warrants. The warrants were exercised on November 7, 2016. The purchase and exercise of the warrants increased the Company's ownership in Precipitate to approximately 32.5%, which has since been reduced to 30.2% as at September 30, 2017. The Company is accounting for its investment in Precipitate as a marketable security (see note 5). Given its large ownership position in Precipitate, the Company considered if equity accounting was applicable. The Company's security holdings in Precipitate are for investment purposes only and it does not have representation on the Precipitate Board of Directors nor does it have any appointed managerial personnel. The Company does not intend to participate in policy making or enter into material inter-company transactions with Precipitate, and to this effect it has signed a Standstill Agreement not to exercise significant influence, therefore, the Company has concluded that equity accounting is not applicable.

Inter-company balances and transactions, and any unrealized income (loss) and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2018. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Tentatively effective for annual periods beginning on or after January 1, 2018

• New standard IFRS 9 *Financial Instruments*

IFRS 9 adds new requirements for impairment of financial assets and makes changes to the classification and measurement of financial instruments. When complete, IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standard, however, there may be enhanced disclosure requirements.

3. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	September 30, 2017 $	December 31, 2016 $
Bank and broker balances	7,192,412	3,751,335
Cashable investment certificates	10,042,368	14,455,834
	17,234,780	18,207,169

4. Receivables and prepayments

Receivables and prepayments consists of the following:

	September 30, 2017	December 31, 2016
	$	$
Sales tax recoverable	187,645	58,046
Exploration incentives receivable	29,165	52,700
Prepaid expenses	92,268	91,310
Research grant receivable	-	2,000
	309,078	204,056

5. Marketable securities

The Company holds various share positions in other resource companies which were obtained under mineral property option agreements, by participation in private placements and from open market purchases. The valuation of the shares has been determined in whole by reference to the bid price of the shares on the TSX-V or Toronto Stock Exchange ("TSX") at each reporting date. Various warrants have been received as attachments to share purchase units and do not trade in an active market. At the time of purchase the per unit cost is allocated in full to each common share. The value of the warrants are subsequently determined at measurement date using the Black-Scholes option pricing model.

Effective February 15, 2017, the Company sold its Teach and Gram claims to Metallic Minerals Corp. ("Metallic") in return for shares and warrants of Metallic (see note 7(1)(e)). A total of 237,500 common shares and 237,500 warrants were received, of which 50,000 of the common shares were received at a price of $0.46 each and 187,500 at a price of $0.39 each, for a total of $96,125 in share value. The warrants have a two-year expiry period with 50,000 expiring on January 10, 2019 at an exercise price of $0.65 per share, and 187,500 expiring on February 15, 2019 at an exercise price of $0.52 per share. As at September 30, 2017, the warrants were valued at $50,931 using the Black-Scholes option pricing model using the following weighted average assumptions: expected life of the options - 1.33 years, stock price volatility – 193.9%, no dividend yield, and a risk-free interest rate yield of 1.51%.

The Company has a large share position in ATAC Resources Ltd. ("ATAC"), which is a related party through certain common Directors and Officers. As of September 30, 2017, the Company owned 10,144,136 common shares of ATAC (7.3%). The majority of the ATAC shares were purchased under flow-through agreements and are deemed to have no cost for tax purposes. The remaining shares were purchased on the open market.

On November 26, 2015, the Company purchased 10,000,000 units of Precipitate comprised of 10,000,000 common shares and 10,000,000 warrants. The $0.08 per unit subscription price was allocated to the common shares for a total of $800,000. The warrants were exercised on November 8, 2016, at $0.12 per share for a total of $1,200,000. At the time of exercise, the warrants had a fair value of $2,000,000 and a gain over the exercise price of $800,000, of which $600,000 relates to the 2016 year. The gain realized on exercising the warrants is reflected in the carrying value of the Precipitate shares. The purchase increased the Company's shares owned to 24,597,327, and its ownership position to 32.5%. The Company has disposed of 1,704,500 of its shares, and as of September 30, 2017, owns 22,892,827 Precipitate shares (30.2%). The Company does not account for Precipitate as an equity investment, as explained in note 2(b).

Effective June 30, 2016, Silver Range is no longer consolidated with the Company (see note 6). The Company's investment in Silver Range is now accounted for as a marketable security. As of September 30, 2017, the Company owned 9,480,340 common shares of Silver Range (14.3%).

5. Marketable securities (continued)

Effective June 9, 2017, Trifecta is no longer consolidated with the Company (see note 6). The Company's investment in Trifecta is now accounted for as a marketable security. As of September 30, 2017, the Company owned 2,527,747 common shares of Trifecta (9.2%). On July 21, 2017, the Company purchased 400,000 flow-through units from Trifecta. Each unit was priced at $0.25 and consisted of one flow-through common share and one-half of a share purchase warrant. Each full warrant is exercisable to purchase one non-flow-through common share at $0.30 each for a period of one year from issue. As at September 30, 2017, the warrants were valued at $3,832 using the Black-Scholes option pricing model using the following weighted average assumptions: expected life of the options - 0.8 years, stock price volatility – 82.41%, no dividend yield, and a risk-free interest rate yield of 1.51%.

The marketable securities do not include the Company's investment in Rockhaven or its investment in Silver Range prior to June 30, 2016 and Trifecta prior to June 9, 2017.

A summary of the marketable security transactions for the nine months ended September 30, 2017 and September 30, 2016 is as follows:

	ATAC shares $	Shares received on optioned properties $	Shares purchased $	Warrants $	Total $	Total gain (loss) $
Cost						
January 1, 2016	7,668,716	10,721,565	6,957,887	-	25,348,168	
Additions	-	6,789,440	-	-	6,789,440	
Proceeds on sale	-	(19,104)	(1,110,539)	-	(1,129,643)	
Realized loss	-	(236,239)	(2,149,931)	-	(2,386,170)	(2,386,170)
September 30, 2016	7,668,716	17,255,662	3,697,417	-	28,621,795	
Fair value						
January 1, 2016	3,043,241	565,443	1,374,432	200,000	5,183,116	
Additions	-	1,624,649	-	-	1,624,649	
Cost of disposals	-	(255,343)	(3,260,470)	-	(3,515,813)	
Unrealized gain	2,637,475	1,084,672	4,756,395	800,000	9,278,542	9,278,542
September 30, 2016	5,680,716	3,019,421	2,870,357	1,000,000	12,570,494	
Total gain						6,892,372
Cost						
January 1, 2017	7,668,716	17,242,951	4,984,401	-	29,896,068	
Additions	-	558,900	-	-	558,900	
Proceeds on sale	-	(451,595)	(548,369)	-	(999,964)	
Realized gain (loss)	-	51,795	(95,238)	-	(43,443)	(43,443)
September 30, 2017	**7,668,716**	**17,402,051**	**4,340,794**	**-**	**29,411,561**	
Fair value						
January 1, 2017	4,159,096	2,622,830	4,701,563	-	11,483,489	
Additions	-	558,900	-	-	558,900	
Cost of disposals	-	(399,802)	(643,607)	-	(1,043,409)	
Unrealized gain (loss)	3,043,241	158,160	(917,848)	121,734	2,405,287	2,405,287
September 30, 2017	**7,202,337**	**2,940,088**	**3,140,108**	**121,734**	**13,404,267**	
Total gain						**2,361,844**

6. Subsidiary information

These financial statements include the accounts of Rockhaven and Terra CO2, and Trifecta until June 9, 2017 and Silver Range until June 30, 2016. Terra CO2 and Trifecta were incorporated under the laws of British Columbia, Canada. Rockhaven was incorporated under the laws of Alberta, Canada, and continued under the laws of British Columbia, Canada. All subsidiaries are located at the same offices as the Company.

Terra CO2

Terra CO2 (previously 0881362 B.C. Ltd.) was incorporated as a 100% owned subsidiary of the Company and remained inactive from incorporation until April 4, 2016, at which time it changed its name to Terra CO2 Technologies Ltd. and was activated to purchase the Company's CO2 sequestration technology and patents. At that time the Company and Terra CO2 came to an understanding to transfer the Company's research project to Terra CO2 in return for shares and warrants of Terra CO2. It was agreed, that from April 1, 2016, Terra CO2 would oversee the research project and that its research expenditures would be reimbursed by an amount equal to approximately $1,000,000, less the cumulative expenditures of the Company to June 30, 2016. The Company had spent approximately $643,000 on the research project to that date.

On September 7, 2016, a formal purchase/sale agreement for the research project was completed. In return for all the rights to the research project, Terra CO2 issued the Company 20,000,000 common shares and 10,000,000 share purchase warrants. Each warrant entitles Strategic to purchase one common share of Terra CO2 at a price of $0.25 each for a period expiring on the earlier of 1) September 23, 2021 and 2) the date Terra CO2 completes an initial public offering of its securities, if applicable. It was agreed that $1,000,000 would be the transfer value for the shares and warrants, which was the cumulative research project costs incurred by the Company to June 30, 2016, and the amount to be reimbursed to Terra CO2 after that.

The research costs, including all patent costs, incurred by the Company while it owned the research project were expensed, as it was determined that the criteria to recognize the costs as an intangible asset were not present. The research costs, including all patent costs, incurred by Terra CO2 and reimbursed by the Company, have also been expensed as the recognition criteria are still not present. Since the research project is still considered to be in the research phase, there is no basis to recognize the research project as an intangible asset. As such, the sale of the research project was recorded at a nominal $1, and the common shares and warrants received at a nominal $1.

A summary of the Company's ownership in Terra, at cost, is as follows:

	Ownership	Number of shares	Carrying Value	Market Value
	%	#	$	$
December 31, 2016	100.0%	20,000,001	2	n/a
Transactions		-	-	
September 30, 2017	**89.5%**	20,000,001	2	n/a

In January 2017, Terra CO2 completed a private placement of units and issued 2,340,000 additional common shares, which reduced the Company's share ownership to 89.5%. The net increase in Terra CO2's share capital of $581,164 has been allocated to non-controlling interest. Strategic did not participate in the unit placement. The unit issue price of $0.25 each creates an accretion gain to the Company of $516,800, which has been reflected through equity as an increase in retained earnings and a decrease in non-controlling interest.

6. Subsidiary information (continued)

Terra CO2 (continued)

A summary of the financial information of Terra is as follows:

	Assets $	Liabilities $	Revenues $	Losses $
Nine months ended September 30, 2017				
Current	436,589	7,622	-	-
Non-current	1	-	-	-
Loss from operating expenses	-	-	-	(187,899)
Interest income	-	-	-	2,120
	436,590	**7,622**	**-**	**(185,779)**

Trifecta

Trifecta was incorporated on October 4, 2016 as a wholly owned subsidiary to acquire, explore and evaluate mineral property interests in any location. The Company funded Trifecta through the purchase of 7,500,000 shares for $750,000, of which $100,000 was paid in December 2016 and $650,000 in January 2017.

By an Agreement dated December 9, 2016, the Company sold its Eureka, LLL and OOO mineral property interests to Trifecta for 14,500,000 common shares at $0.10 per share for total consideration of $1,450,000. The transaction resulted in a gain on sale of the mineral property interests of $1,061,872, which is eliminated on consolidation.

On June 9th, 2017, the Company's ownership position was reduced to approximately 9.67% through a Plan of Arrangement, which concluded with each Strategic shareholder receiving one Trifecta common share for every four and one-half Strategic common shares they owned as of May 31, 2017. A total of 19,872,254 Trifecta shares were distributed having a value of $1,987,225, equal to the cost base of the shares to the Company. The distribution reduced retained earnings, net of the $1,061,872 mineral property gain, for a net reduction of $925,352.

The transaction resulted in the Company giving up voting and effective control of Trifecta and as of June 9, 2017, Trifecta is no longer consolidated and the Company's remaining investment is accounted for as a marketable security. Trifecta's shares were listed on the TSX-V on June 15, 2017.

A summary of the Company's ownership in Trifecta, at cost, is as follows:

	Ownership %	Number of shares #	Carrying Value $	Market Value $
December 31, 2016	100.0	22,000,001	2,200,000	2,200,000
September 30, 2017	**9.22**	**2,527,747**	**312,775**	**417,078**

The market value of the shares at December 31, 2016 has been determined based on the book value of the shares. The market value of the shares at September 30, 2017 has been determined in whole by reference to the bid price of the shares on the TSX-V.

6. Subsidiary information (continued)

Trifecta (continued)

A summary of the accounts of Trifecta that were deconsolidated as of June 9, 2017, is as follows:

	$
Cash	460,490
Receivables and prepayments	31,591
Mineral propery interests	1,687,292
Accounts payable and accrued liabilities	(31,479)
Accounts payable to related parties	(99,842)
	2,048,052
Less: fair value of Trifecta shares distributed on spin-out	(1,987,225)
Fair value of remaining Trifecta shares	(212,775)
Gain on deconsolidation	**(151,948)**

Silver Range

The Company's ownership position in Silver Range since 2011 has been less than 20% and generally such an ownership percentage does not result in control, however, prior to June 30, 2016 the Company controlled Silver Range by having the same key Officers and majority Directors as Silver Range. This gave the Company the ability to direct the key operating activities of Silver Range. During the period ended June 30, 2016 the Company relinquished these key positions and effective June 30, 2016, the Company no longer had the ability to direct the key operating activities of Silver Range and consolidation of Silver Range was discontinued.

Given its large ownership position in Silver Range the Company considered if equity accounting was applicable. The Company's security holdings in Silver Range are for investment purposes only and it no longer has significant influence over the Silver Range Board of Directors and Silver Range has an independent CEO and President and an outside technical committee making the key operating decisions. In addition, the Company's ownership position in Silver Range has been reduced to approximately 14.3% by various subsequent share issues by Silver Range, therefore, the Company has concluded that equity accounting is not applicable.

Rockhaven

The Company's ownership position in Rockhaven has varied between 24.9% and 46.7%, giving it significant influence over Rockhaven's operations. Prior to March 25, 2015, Rockhaven was considered an associate and was accounted for using the equity method. Although the Company and Rockhaven have certain common Officers and Directors, the Company does not have a majority of Directors, or the same Chief Executive Officer as Rockhaven, and prior to March 25, 2015, it did not have sufficient voting rights to control the key operating activities of Rockhaven, therefore, it was concluded that control did not exist and Rockhaven was not consolidated.

On March 25, 2015, Rockhaven completed a private placement with the Company for the issue of 21,000,000 common shares which increased the Company's ownership in Rockhaven to 46.7%, and if combined with the shares owned by Strategic's Officers and Directors, it gave Strategic voting control and the ability to control the key operating activities of Rockhaven, therefore, as of March 25, 2015, Rockhaven is consolidated with the Company.

6. Subsidiary information (continued)

Rockhaven (continued)

A summary of the Company's investment in Rockhaven is as follows:

	Ownership %	Number of shares #	Carrying Value $	Market Value $
January 1, 2016	46.7	49,047,500	10,295,974	6,376,175
Transactions		-	-	
September 30, 2016	41.4	49,047,500	10,295,974	11,526,162
January 1, 2017	41.4	49,047,500	10,295,974	8,828,550
Shares received - line of credit payment		11,346,712	2,000,000	
September 30, 2017	**39.3**	**60,394,212**	**12,295,974**	**8,455,190**

In January 2017, the Company received 11,346,712 Rockhaven common shares at an issue price of $0.18 each as repayment of $2,000,000 borrowed by Rockhaven (see note 12), which increased the Company's share ownership to 46.5%. The share issue had an accretion effect of $102,566 on the Company's ownership and has been reflected through equity as an increase in retained earnings and a decrease in non-controlling interest.

In February 2017, Rockhaven completed a private placement and issued 3,750,000 additional common shares, which reduced the Company's share ownership to 45.2%. The net increase in Rockhaven's share capital of $664,547 has been allocated to non-controlling interest. Strategic did not participate in the share issue, which had a dilutive effect on its ownership and creates a dilutive loss which has been determined to be $19,832 and has been reflected through equity as a decrease in retained earnings and an increase in non-controlling interest.

On June 14, 2017, Rockhaven completed a private placement for the issue of 7,200,000 flow-through shares and 11,400,000 non-flow-through shares which decreased the Company's ownership in Rockhaven to 39.7%. The net increase in Rockhaven's share capital of $3,250,968 has been allocated to non-controlling interest. Strategic did not participate in the share issue, which had a dilutive effect on its ownership and creates a dilutive loss which has been determined to be $139,938 and has been reflected through equity as a decrease in retained earnings and an increase in non-controlling interest.

On July 7, 2017, Rockhaven completed the second tranche of its June 2017 private placement for the issue of 1,615,000 flow-through shares which decreased the Company's ownership in Rockhaven to 39.3%. The net increase in Rockhaven's share capital of $245,015 has been allocated to non-controlling interest. Strategic did not participate in the share issue, which had a dilutive effect on its ownership and creates a dilutive loss which has been determined to be $20,870 and has been reflected through equity as a decrease in retained earnings and an increase in non-controlling interest.

The market value of the shares are based on the bid price of the shares on the TSX-V at each reporting date.

A summary of the financial information of Rockhaven is as follows:

		Assets $	Liabilities $	Revenues $	Losses $
	Nine months ended September 30, 2017				
	Current	1,941,283	465,329	-	-
(1)	Non-current	33,206,313	2,192,981	-	-
	Loss from operating expenses	-	-	-	(448,538)
	Loss on marketable securities	-	-	-	(27,667)
	Interest income	-	-	-	11,919
	Deferred income tax recovery	-	-	-	(182,051)
		35,147,596	**2,658,310**	**-**	**(646,337)**

(1) The non-current asset amount of $33,206,313 excludes an impairment adjustment made on consolidation of $3,840,188.

7. Mineral property interests

The Company's mineral property interests consist of various exploration stage properties located in the Yukon Territory, British Columbia, and the Northwest Territories, Canada, and include the mineral properties of its subsidiaries. The properties have been grouped into those which are wholly-owned and those which are royalty or other interests. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

	Wholly-owned $	Royalty and other interests $	Total $
January 1, 2016	19,336,577	23,975,303	43,311,880
Acquisitions/staking/assessments	236,573	43,126	279,699
Exploration and evaluation	2,119,360	2,786,451	4,905,811
Impairments/write-downs	(803)	(16,207)	(17,010)
Proceeds from sale	(350,000)	-	(350,000)
Gain on sale	184,837	-	184,837
Deconsolidation / reclassifications	(6)	(1,233,304)	(1,233,310)
September 30, 2016	**21,526,538**	**25,555,369**	**47,081,907**
January 1, 2017	21,444,278	26,195,139	47,639,417
Acquisitions/staking/assessments	582,886	119,111	701,997
Exploration and evaluation	1,058,307	3,677,132	4,735,439
Impairments/write-downs	(303,469)	-	(303,469)
Proceeds from sale	(246,125)	-	(246,125)
Gain on sale	240,991	-	240,991
Deconsolidation of Trifecta	-	(625,420)	(625,420)
September 30, 2017	**22,776,868**	**29,365,962**	**52,142,830**

7. Mineral property interests (continued)

Changes in the project amounts for the nine months ended September 30, 2016.

Wholly-owned projects	January 1, 2016	Acquisi-tions/ staking	Exploration and evaluation	Write - downs	Proceeds from disposal	Gain on disposal	Reclass-ifications	September 30, 2016
	$	$	$	$	$	$	$	$
Blind	41,527	-	862	-	-	-	-	42,389
Buzz	22,506	-	6,109	-	-	-	-	28,615
Cassiar	354,772	2,137	750	-	-	-	-	357,659
CD	538,740	12,150	18,554	-	-	-	-	569,444
CG	-	8,781	9,615	-	-	-	-	18,396
Con	14,606	-	635	-	-	-	-	15,241
Dawson	514,912	8,619	21,967	-	-	-	-	545,498
Eureka	64,563	7,495	58,779	-	-	-	-	130,837
Finlayson	-	681	285	-	-	-	-	966
FOG	-	9,686	8,392	-	-	-	-	18,078
Gator	6,063	210	7,661	-	-	-	-	13,934
Groundhog	53,385	-	125	-	-	-	-	53,510
Harry	48,718	-	11,934	-	-	-	-	60,652
Hec	12,984	681	29,590	-	-	-	-	43,255
Hopkins	2,361,909	7,884	615,972	-	-	-	-	2,985,765
Hy	631,954	567	1,688	-	-	-	-	634,209
King	261,013	-	341	-	-	-	-	261,354
Lansing	206,447	1,361	52,965	-	-	-	-	260,773
Li	-	63,560	101,603	-	(350,000)	184,837	-	-
Logan	1	-	12,231	(618)	-	-	(1)	11,613
LS	27,766	-	-	-	-	-	-	27,766
Mars	93,011	1,004	325,106	-	-	-	-	419,121
M'Clintock	149,029	41,069	267,943	-	-	-	-	458,041
Meister	13,796	881	8,187	-	-	-	-	22,864
Meloy	110,782	-	31,106	-	-	-	-	141,888
Midas Touch	12,129,355	25,411	90,178	-	-	-	-	12,244,944
Mint	1	-	4,655	-	-	-	(1)	4,655
Mt. Hinton	236,573	(2,667)	22,534	-	-	-	-	256,440
Nisling	103,754	-	-	-	-	-	-	103,754
Plata-Inca	264	-	10,605	-	-	-	-	10,869
POV	-	4,838	6,950	-	-	-	-	11,788
Rancheria Silver	380,286	4,942	47,186	-	-	-	-	432,414
Ruby Range	260,178	-	13,329	-	-	-	-	273,507
Rusty	40,489	3,901	8,906	-	-	-	-	53,296
Salloon	-	10,251	186,263	-	-	-	-	196,514
Selwyn	146,782	4,970	104,839	-	-	-	-	256,591
Shadow	-	9,927	7,923	-	-	-	-	17,850
Strategic Nickel	-	-	207	-	-	-	-	207
Teach	1,850	2,900	-	-	-	-	-	4,750
Telegraph	454,802	-	2,176	-	-	-	-	456,978
TJ	-	1,632	11,941	-	-	-	-	13,573
Van	1	-	185	(185)	-	-	(1)	-
Vault	33,422	2,916	3,705	-	-	-	-	40,043
Watt	9,070	786	5,378	-	-	-	-	15,234
Zap	11,263	-	-	-	-	-	-	11,263
Others	3	-	-	-	-	-	(3)	-
Total	**19,336,577**	**236,573**	**2,119,360**	**(803)**	**(350,000)**	**184,837**	**(6)**	**21,526,538**

7. Mineral property interests (continued)

Changes in the project amounts for the nine months ended September 30, 2016 (continued)

Royalty and other interests	January 1, 2016 $	Acquisi- tions/ staking $	Exploration and evaluation $	Write - downs/ $	Proceeds from Disposal $	Gain on disposal $	Other Adjusted $	September 30, 2016 $
Silver Range	1,090,355	43,126	115,295	(15,466)	-	-	(1,233,310)	-
Rockhaven	22,884,929	-	2,670,415	-	-	-	-	25,555,344
Royalty interests	6	1	-	-	-	-	-	7
Others	13	(1)	741	(741)	-	-	6	18
Total	**23,975,303**	**43,126**	**2,786,451**	**(16,207)**	**-**	**-**	**(1,233,304)**	**25,555,369**
Total all projects	**43,311,880**	**279,699**	**4,905,811**	**(17,010)**	**(350,000)**	**184,837**	**(1,233,310)**	**47,081,907**

Exploration and evaluation expenditures on the projects consisted of the following:

Nine months ended September 30, 2016	Rockhaven $	Hopkins $	M'Clintock $	Selwyn $	Other $	Total $
Assays	176,256	22,258	7,741	11,635	83,532	301,422
Excavating and drilling	940,745	222,551	42,547	-	92,094	1,297,937
Drill demobilization	-	-	-	-	16,500	16,500
Field	310,384	83,851	21,345	11,149	123,019	549,748
Helicopter and fixed wing	6,500	7,654	66,956	18,759	317,167	417,036
Labour	756,779	210,104	102,874	82,372	316,813	1,468,942
Resource and environmental studies	286,959	-	-	-	-	286,959
Survey and consulting	93,017	30,194	6,534	6,660	242,624	379,028
Travel and accommodation	99,775	39,360	19,946	6,924	72,594	238,600
	2,670,415	615,972	267,943	137,499	1,264,341	4,956,170
Less: exploration incentives	-	-	-	(32,660)	(17,700)	(50,360)
Total	**2,670,415**	**615,972**	**267,943**	**104,839**	**1,246,642**	**4,905,811**

7. **Mineral property interests** (continued)

Changes in the project amounts for the nine months ended September 30, 2017

	Wholly-owned projects	January 1, 2017 $	Acquisi-tions/ staking $	Exploration and evaluation $	Write - downs $	Proceeds from disposal $	Gain on disposal $	Deconsol -idation $	September 30, 2017 $
	Blind	42,389	-	-	-	-	-	-	42,389
	Bob	-	-	13,042	-	-	-	-	13,042
	Buzz	28,615	-	-	-	-	-	-	28,615
(1)	CD	685,678	68,800	3,998	-	-	-	-	758,476
	Dabb	-	13,600	43,016	-	-	-	-	56,616
	Dawson	545,498	20,201	34,170	-	-	-	-	599,869
	Gas	-	-	280	-	-	-	-	280
	Gator	13,934	-	-	-	-	-	-	13,934
(2)	GK	456,978	36,410	2,553	-	-	-	-	495,941
	Harry	60,654	-	2,893	-	-	-	-	63,547
	Hec	48,680	-	6,927	-	-	-	-	55,607
	Hopkins	3,080,381	454	44,920	-	-	-	-	3,125,755
(3)	Kathleen	53,755	-	3,300	-	-	-	-	57,055
(4)	Kluane	50,379	1,944	58,122	-	-	-	-	110,445
	Lansing	272,411	219,749	275,774	(65,662)	-	-	-	702,272
	Li	1	-	-	-	(150,000)	150,000	-	1
	LS	1	-	-	-	-	-	-	1
(5)	M'Clintock	1,014,682	9,572	109,714	-	-	-	-	1,133,968
	Meloy	152,547	38,829	61,639	-	-	-	-	253,015
	Midas Touch	12,264,601	74,277	71,392	(228,023)	-	-	-	12,182,247
	Mt. Hinton	258,039	-	5,675	-	-	-	-	263,714
(6)	North Canol Road	206	-	-	-	-	-	-	206
	Plata-Inca	11,117	-	20,395	-	-	-	-	31,512
(7)	Rancheria Silver	838,002	574	13,144	(48)	-	-	-	851,672
(8)	Range Road	635,707	-	1,462	-	-	-	-	637,169
(9)	Royal	261,354	28,767	32,695	(3,736)	-	-	-	319,080
	Ruby Range	273,507	-	11,618	-	-	-	-	285,125
	Salloon	211,280	68,062	184,641	-	-	-	-	463,983
(10)	Selwyn	75,571	604	3,104	(6,000)	-	-	-	73,279
(11)	South Canol Road	53,510	-	-	-	-	-	-	53,510
	Teach and Gram	5,134	-	-	-	(96,125)	90,991	-	-
	Tombstone	-	-	51,417	-	-	-	-	51,417
	Van	34,433	1,043	2,416	-	-	-	-	37,892
	Watt	15,234	-	-	-	-	-	-	15,234
	Total	**21,444,278**	**582,886**	**1,058,307**	**(303,469)**	**(246,125)**	**240,991**	**-**	**22,776,868**

7. **Mineral property interests** (continued)

The projects have been re-grouped as follows:

(1) The CD project Includes the Shamrock property for $100,000, previously included in the Nisling project
(2) The Telegraph project was renamed the GK project
(3) The Kathleen project includes previously stand-alone projects Zap and Rusty
(4) The Kluane project includes previously stand-alone projects Vault and Mint
(5) The M'Lintock project includes previously stand-alone projects Mars, POV and CG
(6) The North Canol Road project was previously named Strategic Nickel
(7) The Rancheria Silver project now includes the Con, Meister and Cassiar projects
(8) The Range Road project was previously named Hy
(9) The Royal project includes King project and Duke and Vivi property, previously included in the Nisling project
(10) The Selwyn project includes previously stand-alone projects TJ, Shadow and Fog
(11) The South Canol Road project was previously named Groundhog.

Changes in the project amounts for the nine months ended September 30, 2017.

Royalty and other interests	**January 1, 2017 $**	**Acquisi-tions/ staking $**	**Exploration and evaluation $**	**Write - downs/ $**	**Proceeds from Disposal $**	**Gain on disposal $**	**Deconsol -idation $**	**September 30, 2017 $**
Rockhaven	25,726,782	37,665	3,601,489	-	-	-	-	29,365,936
Trifecta	468,331	81,446	75,643	-	-	-	(625,420)	-
Royalty interests	6	-	-	-	-	-	-	6
Others	20	-	-	-	-	-	-	20
Total	**26,195,139**	**119,111**	**3,677,132**	**-**	**-**	**-**	**(625,420)**	**29,365,962**
Total all projects	**47,639,417**	**701,997**	**4,735,439**	**(303,469)**	**(246,125)**	**240,991**	**(625,420)**	**52,142,830**

Exploration and evaluation expenditures on the projects consisted of the following:

Nine months ended September 30, 2017	Rockhaven $	Midas Touch $	Lansing $	M'Clintock $	Salloon $	Others $	Total $
Assays	230,124	10,018	55,522	8,691	33,725	56,360	394,440
Excavating and Drilling	1,721,715	-	-	55	65	1,727	1,723,562
Field	477,238	6,177	25,219	5,833	14,632	42,566	571,665
Helicopter and fixed wing	3,756	12,648	27,843	13,056	16,279	76,964	150,546
Labour	848,227	40,134	92,382	74,573	75,976	289,445	1,420,737
Resource and environmental studies	30,847	-	-	-	-	5,374	36,221
Survey and consulting	128,162	758	61,670	2,966	37,332	25,724	256,612
Travel and accomodation	161,420	1,657	13,138	4,540	6,632	20,734	208,121
	3,601,489	71,392	275,774	109,714	184,641	518,894	4,761,904
Less: Mineral exploration credit	-	-	-	-	-	(26,465)	(26,465)
Total	**3,601,489**	**71,392**	**275,774**	**109,714**	**184,641**	**492,429**	**4,735,439**

7. Mineral property interests (continued)

1) Wholly-owned projects

The Company's wholly-owned projects are comprised of the rights to explore various mineral claims and tenures located in the Yukon Territory, Northwest Territories and northern British Columbia, and are at various stages of exploration. Unless otherwise noted they are not subject to any option or sale agreements. Certain of the claims are subject to a net smelter returns royalty ("NSR"), as detailed below.

(a) CD project

The CD project now includes the Shamrock claims which were previously included in the Nisling project. The project claims are located in the Whitehorse Mining District, Yukon Territory. The Shamrock claims are subject to a 2% precious metal NSR and a 1% non-precious metal NSR from any commercial production from the claims. The Company has the right to purchase one-half of the NSR interests for $1,000,000.

(b) Li Property

On July 25, 2016, the Company entered into an Agreement with Equitorial Exploration Corp. ("Equitorial") for the sale of a 100% interest in the Company's Li mineral claims located in the Northwest Territories.

Under the Agreement, Equitorial has issued the Company 5,000,000 of its common shares valued at $0.05 per share for total proceeds of $250,000. In addition, Equitorial paid Strategic $100,000 towards the 2016 work program on the property.

The Agreement also required that an additional 2,500,000 common shares and 2,500,000 share purchase warrants be issued within one year of the closing date. The shares and warrants were received on August 21, 2017, with the shares valued at $0.06 per share for total proceeds of $150,000. Each warrant entitles Strategic to purchase one common share of Equitorial at a price of $0.10 per share for a period of 24 months from the date the warrants were issued.

Strategic retains a 2% NSR from any sale or disposition of minerals from the property. Equitorial has the right at any time to purchase one-half of the Strategic NSR for $2,000,000.

Any after acquired properties within a two kilometre radius of the Li claim borders will be subject to the terms of the Agreement.

(c) M'Clintock project

The M'Clintock project consists of a 100% interest in the Hartless Joe, Byng, CG, Mars, DDL and POV properties located in Whitehorse Mining District, Yukon Territory.

The Hart, Joe and Les claims were subject to a 2% NSR. By Agreement dated, December 14, 2016, the Company purchased 100% of the NSR for $20,000.

(d) Rancheria Silver project

The Rancheria Silver project consists of a 100% interest in the Cassiar, Con, Meister, Blue, H, Heaven, QB, and Pigskin mineral claims located in the Watson Lake Mining District, Yukon Territory and the Ranch and Shar mineral tenures located in northern British Columbia. The Cassiar, Con and Meister were previously stand-alone projects.

The Blue, H and Heaven claims are subject to a 2% NSR on all concentrates produced by milling ores from the claims or area of influence, and a 10% NSR on all ores produced from the claims or area of influence, without the benefit of milling. The 2% NSR interest can be purchased at any time for $1,000,000 and the 10% NSR interest can be reduced to 2% at any time by the Company paying $400,000.

7. Mineral property interests (continued)

1) Wholly-owned projects (continued)

(e) Teach and Gram project

On December 12, 2016, with a closing date of February 15, 2017, the Company entered into an Agreement with Metallic for the sale of a 100% interest in the Company's Teach and Gram mineral claims located in the Watson Lake Mining District, Yukon Territory.

Under the Agreement, Metallic has issued the Company a total of 237,500 common shares and 237,500 warrants, of which 50,000 of the common shares were received at a price of $0.46 each and 187,500 at a price of $0.39 each, for a total of $96,125. The warrants have a two-year expiry period with 50,000 expiring on January 10, 2019, at an exercise price of $0.65 per share, and 187,500 expiring on February 15, 2019, at an exercise price of $0.52 per share.

Strategic retains a 2% NSR from any commercial production of precious metals from the property and a 1% NSR from any commercial production from any non-precious metals. Metallic has the right at any time to purchase each one-half of the Strategic NSR for $1,000,000.

(f) Tombstone project

The Tombstone project includes the Mount Hinton project, the Plata-Inca project, and certain of the Lansing project properties, including the Nels, News, Naws, Lance, and Lois claims, located in the Tombstone Gold Belt of central Yukon Territory. By agreement dated July 27, 2017, the Company agreed to sell the projects to Territory Metals Corp. ("Territory"). The sale also includes the Company's bulldozer and excavator. The agreement is scheduled to close once Territory has completed its Initial Public Offering "IPO". To acquire a 100% interest Territory must complete the following:

- Issue 19.9% of its outstanding common shares after completing an IPO and raising at least $2,000,000 in working capital on or before March 30, 2018;
- Make a payment of $500,000 on or before March 31, 2018 to reimburse the Company for its 2017 exploration and acquisition costs on the Tombstone projects;
- Assume reclamation obligations to a maximum of $300,000.

Territory would be required to make a milestone payment of $1,500,000, if Territory identifies a one-million-ounce gold-equivalent resource on any of the Tombstone projects. This milestone payment will increase by $1.00 for each additional ounce of gold equivalent resource that is identified

The Company will retain a 2% net smelter return royalty (NSR) on any large-scale commercial production and a 10% NSR on any small-scale high-grade production from the Tombstone projects. Territory will have the right to purchase up to 1% of the NSR for $1,500,000 on any large-scale commercial production.

If Territory decides at any time in the future to abandon its interest in any of the Tombstone projects, the claims comprising that project will be offered back to the Company at no cost and Territory will retain no interest in that project.

(g) Vanderhoof Copper project

The Vanderhoof Copper project consists of a 100% interest in the Kenny Dam and Tagai properties located in northern British Columbia, acquired under an option agreement.

As a condition of the purchase, the Company is required to issue 75,000 of its common shares for each property on which it announces a feasibility study. The Vendor is entitled to a 2% NSR from any commercial mineral production from the claims, of which 1% may be purchased at any time for $1,000,000.

The project has been written-down to a $1 nominal carrying value.

7. Mineral property interests (continued)

2) Royalty and other interests

(a) NiMo project

The NiMo project consists of a remaining 25% interest in certain mineral claims located in the Mayo and Dawson Mining Districts, Yukon Territory.

(b) Royalty and other interests

The Company holds various royalty interests in the following properties, which are carried at $1 nominal amounts, as any future value is indeterminable.

Bloom and Reef	1% - 2% NSR
Cord	1% NSR
Has	1% NSR
Hyland Gold	1/4% NSR
Li	2% NSR
REE	2% NSR
Teach and Gram	1% - 2% NSR

The other interests are comprised of properties having no current exploration potential and have been written-down to nominal $1 carrying amounts.

(c) Subsidiary interests

Included in other interests are the mineral property interests of subsidiary companies Rockhaven, and prior to June 9, 2017, Trifecta, and prior to June 30, 2016, Silver Range. All of the Rockhaven properties are wholly-owned by Rockhaven.

8. Reclamation deposits

The reclamation deposits are comprised of cashable guaranteed investment certificates with one year terms. They are pledged to the BC Government to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposits.

9. Equipment

The equipment is comprised of a milling plant acquired in 2012 from Rockhaven for $180,577 and a bulldozer and excavator acquired in the current period for $65,000. Opportunities to utilize the equipment in mining operations have not materialized, and given the likelihood that refurbishing and relocation costs would exceed the realizable value of the equipment, the carrying value of $245,577 has been written-off during the year. The bulldozer and excavator were included in the sale of the Tombstone project to Territory (see note 7(1)(f)).

10. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value, an unlimited number of Class A preferred shares without par value, and an unlimited number of Class B preferred shares with a par value of $10.00 each. All issued shares are fully paid.

Transactions for the issue of share capital during the nine months ended September 30, 2017:

During the nine months ended September 30, 2017, the Company issued 285,000 common shares on the exercise of stock options at $0.35 and $0.45 per share for total proceeds of $101,750. In addition, $36,092 of contributed surplus recorded on vesting of the options was reallocated from contributed surplus to share capital.

10. Share capital (continued)

Transactions for the issue of share capital during the nine months ended September 30, 2016:

(a) On May 17, 2016, the Company completed a private placement consisting of 1,000,000 flow-through shares at a price of $0.60 per share for total consideration of $600,000.

The flow-through shares were issued at a premium to the trading value of the Company's common shares at the date the flow-through was announced, which is a reflection of the value of the income tax write-offs that the Company has renounced to the flow-through shareholders. The premium was determined to be $120,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and reversed pro-rata as the required exploration expenditures were completed.

As consideration for the placement the Company paid finders' fees consisting of cash of $37,800. Share issue costs of $8,750 were also incurred for legal and filing fees. The share issue costs have been recorded as a reduction of share capital, net of deferred income tax benefits of $12,103.

(b) On July 27, 2016, the Company completed a private placement consisting of 649,350 flow-through shares at a price of $0.77 per share for a total consideration of $500,000.

The flow-through shares were issued at a premium to the trading value of the Company's common shares at the date the flow-through was announced. The premium was determined to be $103,896 and has been recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and reversed as the required exploration expenditures were completed.

As consideration for the placement the Company paid finders' fees consisting of cash of $33,200. Share issue costs of $7,600 were also incurred for legal and filing fees. The share issue costs have been recorded as a reduction of share capital, net of deferred income tax benefits of $10,608.

(c) On August 16, 2016, the Company completed a private placement consisting of 499,950 flow-through shares at a price of $0.80 per share for a total consideration of $399,960. The flow-through shares were issued without a premium and no finder's fees were paid on the transaction. Share issue costs of $7,100 for legal and filing fee were incurred and recorded a reduction of share capital, net of deferred tax benefit of $1,846.

(d) During the three months ended September 30, 2016 the Company issued 210,000 common shares on the exercise of stock options, 20,000 at $0.45 per share and 190,000 at $0.35 per share for total proceeds of $75,500. In addition, $38,199 of contributed surplus recorded on vesting of the options was reallocated from contributed surplus to share capital.

Normal course issuer bid

In January 2008, the Company approved a Normal Course Issuer Bid, which has been replaced each year with a new Bid. The current Bid commenced on November 30, 2016. Total repurchases under the current Bid are limited to 7,100,000 common shares. There were no repurchases during the nine months ended September 30, 2017 or September 30, 2016. A total of 7,044,000 shares have been repurchased under all Bids.

Common share rights

The Company has a "Rights Plan" under which one Right is issued for each issued and outstanding common share of the Company. Each Right entitles the holder to purchase from the Company one common share at an exercise price equal to one-half the then market price of the stock on the TSX-V, subject to certain adjusting events if they have occurred. The Rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Agreement. The original Rights Plan was replaced with a new Rights Plan at the September 2017 annual shareholders' meeting and will remain in effect until the Company's annual general meeting in 2020. As at September 30, 2017, there were 89,440,151 Rights outstanding (December 31, 2016 – 89,155,151).

10. Share capital (continued)

Stock options

The Company has an incentive stock option plan (the "Plan") which provides for the granting of options. Under the Plan the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. A participant, who is not a consultant conducting investor relations activities, who is granted an option that is exercisable at the market price at the date of grant, will have their options vest immediately, unless otherwise determined by the Board of Directors. Options granted at below market prices will vest one-sixth every three months.

A participant who is a consultant conducting investor relations activities who is granted an option under the Plan will become vested with the right to exercise one-quarter of the option upon conclusion of every three months subsequent to the grant date. All options are to be settled by physical delivery of shares.

A summary of the status of the Company's stock options as at September 30, 2017 and December 31, 2016 and changes during period/year then ended is as follows:

	Nine months ended September 30, 2017		Year ended December 31, 2016	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Options outstanding, beginning of period/year	4,310,000	0.64	5,665,000	0.83
Granted	-	-	2,010,000	0.35
Exercised	(285,000)	0.36	(237,500)	0.36
Cancelled/expired	(1,080,000)	1.43	(3,127,500)	0.81
Options outstanding, end of period/year	**2,945,000**	**0.38**	4,310,000	0.64

As at September 30, 2017, the Company had stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Expiry date
940,000	940,000	0.45	July 21, 2019
400,000	400,000	0.35	May 11, 2020
1,605,000	1,605,000	0.35	Feburary 18, 2021
2,945,000	**2,945,000**		

The following table summarizes information about the stock options outstanding as at September 30, 2017:

Range of prices $	Options #	Weighted average remaining life (years)	Weighted average exercise price $
0.35	2,005,000	3.23	0.35
0.45	940,000	1.81	0.45
	2,945,000	**2.78**	**0.38**

10. Share capital (continued)

Stock options (continued)

During the nine months ended September 30, 2017, no stock options were granted to Officers, Directors, related company employees and consultants (September 30, 2016 – 2,010,000). For the nine months ended September 30, 2016, the Company recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of the options - five years, stock price volatility – 48.63%, no dividend yield, and a risk-free interest rate yield of 0.59%. The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years. Using the above assumptions, the fair value of options granted during the nine months ended September 30, 2016 was approximately $0.14 per option for a total of $282,604. The total share-based payment expense for the nine months ended September 30, 2017 was $131,013 (September 30, 2016 - $573,434), which is presented as an operating expense, and includes only options that vested during the periods. Total share-based payment expense includes $114,009 for Rockhaven (September 30, 2016 – $334,693). The non-controlling interest in Rockhaven share-based payment expense amounted to $69,215 (September 30, 2016 - $196,098).

During the nine months ended September 30, 2017, 1,080,000 options expired unexercised (September 30, 2016 – 530,000) and none were surrendered or cancelled (September 30, 2016 - 2,560,000). As a result, $960,152 (September 30, 2016 – $2,072,972) has been reversed from contributed surplus and added to retained earnings. In addition, $89,709 (2016 - $312,963) was removed from contributed surplus for Rockhaven options expired. The adjustment of contributed surplus during the nine months ended September 30, 2016, included a reversal of $11,776 for the cancellation of Silver Range options.

Warrants

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

The Company has no outstanding warrants and there were no warrant transactions during the nine months ended September 30, 2017 or September 30, 2016.

Contributed surplus

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments, the fair value of finders' warrants issued on private placements recorded as share issue costs, and the premium recognized on Company share buy-backs. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled. Contributed surplus is comprised of the following:

	Buy-backs $	Options $	Total $
January 1, 2016	707,282	3,657,380	4,364,662
Options vesting	-	276,237	276,237
Options vesting - Rockhaven	-	101,143	101,143
Options exercised	-	(38,199)	(38,199)
Options cancelled	-	(2,072,979)	(2,072,979)
Options cancelled - Silver Range	-	(11,776)	(11,776)
Options cancelled - Rockhaven	-	(312,963)	(312,963)
Re-allocated on deconsolidation of Silver Range	-	(216,885)	(216,885)
September 30, 2016	707,282	1,381,958	2,089,240
January 1, 2017	707,282	1,469,991	2,177,273
Options vesting	-	17,004	17,004
Options vesting - Rockhaven	-	44,794	44,794
Warrants issued - Rockhaven	-	7,217	7,217
Options exercised	-	(36,092)	(36,092)
Options expired	-	(960,152)	(960,152)
Options expired - Rockhaven	-	(89,709)	(89,709)
September 30, 2017	**707,282**	**453,053**	**1,160,335**

11. (Loss) earnings per share

The calculation of basic earnings per share for the nine months ended September 30, 2017 was based on income attributable to common shareholders of $990,748 (2016 - $6,496,293), and a weighted average number of common shares outstanding of 89,263,649 (2016 – 87,431,812).

The calculation of diluted earnings per share for the nine months ended September 30, 2017 was based on income attributable to common shareholders of $990,748 (2016 - $6,496,293), and a weighted average number of common shares outstanding of 91,361,895 (2016 – 87,939,882), calculated as follows:

	September 30, 2017	September 30, 2016
	#	#
Weighted average number of common shares (basic)	89,263,649	87,431,812
Effect of stock options on issue	2,098,246	508,070
Weighted average number of common shares (diluted)	**91,361,895**	87,939,882

The average market value of the Company's shares for purposes of calculating the 2017 dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

As at September 30, 2016, 1,040,000 options were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

12. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the nine months ended September 30, 2017 or September 30, 2016.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan. During the nine months ended September 30, 2017, no stock options were granted to key management personnel or Directors. During the nine months ended September 30, 2016, there were 1,125,000 options granted having a fair value on grant date of $158,174. During the nine months ended September 30, 2017, no key management personnel or Director options expired or were cancelled (2016 – 2,170,000). The options cancelled in 2016 were fully vested and had a fair value of $919,389 when granted, which amount was reversed from contributed surplus and added to retained earnings.

The following related parties have transacted with the Company or Company controlled entities during the periods:

(a) Douglas Eaton is a Director and the Company's President and CEO. He controls Archer, Cathro & Associates (1981) Limited ("Archer Cathro"), which is a geological consulting firm. Archer Cathro provides the Company with geological consulting services, including mineral property location, acquisition, exploration and management, and office rent and administration.

(b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp.") which provides the Company with legal services.

(c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.

(d) Bruce Kenway is a Company Director and Chairman of the Company's Audit Committee. He provides the Company with advisory services.

(e) Ian Talbot is the Company's COO. He provides the Company with management services.

(f) The Company has a controlling interest in Rockhaven and Terra CO2 and had a controlling interest in Trifecta until June 9, 2017 and Silver Range until June 30, 2016 (see note 6).

12. Related party payables and transactions (continued)

By Credit Agreement effective June 25, 2015, the Company made available a $2,000,000 line of credit to Rockhaven, with interest at 10% per annum and a due date of December 31, 2016. Rockhaven had the option of repaying the principal by issuing the Company a fixed number of its common shares, determined based on the ten-day weighted average trading price of its shares immediately prior to the date of each advance, and paying the interest by issuing to the Company an equivalent number of its common shares equal to the interest owing on the date of settlement.

As at December 31, 2016, Rockhaven had borrowed the full $2,000,000 line of credit and elected to repay the advances by issuing shares to the Company. Based on the ten-day weighted average trading price at the time of each advance, a total of 11,346,712 shares were issued to settle the debt. The shares were issued on January 23, 2017, at a closing price of $0.18, resulting in a settlement value of $2,042,408 and a share settlement premium of $42,408. The accrued interest on the advances amounted to $59,930, which Rockhaven paid in cash.

The share investments, loan balance, interest and fees are eliminated on consolidation.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

		Transactions 9 months ended September 30, 2017 $	Transactions 9 months ended September 30, 2016 $	**Balances outstanding September 30, 2017 $**	Balances outstanding December 31, 2016 $
Archer, Cathro					
- geological services	(1)	1,951,064	2,306,236	359,964	96,027
- rent and administration	(1)	306,850	573,021	62,599	47,069
		2,257,914	2,879,257	422,563	143,096
Yeadon Law Corp.	(1)	120,835	131,850	-	41,469
Donaldson Grassi	(1)	164,694	122,390	35,017	66,000
Ian Talbot	(1)	53,812	83,562	5,053	5,972
Bruce Kenway		9,000	9,000	3,150	3,150
Subsidiary related parties		187,097	26,400	-	1,103
		2,793,352	3,252,459	**465,783**	260,790

(1) All related party transactions include Rockhaven and Terra CO2. Silver Range is included only for transactions prior to June 30, 2016 and Trifecta prior to June 9, 2017.

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Accounting, audit and legal
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corporation.
- Includes the accounting services of Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.

(b) Consulting fees
- Includes the advisory services paid to Director, Bruce Kenway.

(c) Management, administration and corporate development fees
- Includes the services of Company's President and CEO, Doug Eaton, which are charged to the Company by Archer Cathro.
- Includes the services of Company's COO, Ian Talbot.
- Includes charges by Archer Cathro for administrative and investor relations personnel.

(d) Office rent
- Charged by Archer Cathro

(e) Mineral property examination
- Includes charges by Archer Cathro for exploration personnel.

12. Related party payables and transactions (continued)

(f) Salaries and benefits
- Includes salaries paid to subsidiary officers. No salaries are paid by the Company.

13. Income taxes

Income tax expense for the nine months ended September 30, 2017 and September 30, 2016 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to income before income taxes as follows:

	September 30, 2017 $	September 30, 2016 $
Income before income taxes	799,589	6,107,442
Statutory Canadian corporate tax rate	26.00%	26.00%
Anticipated income tax expense	(207,893)	(1,587,935)
Change in tax resulting from:		
Unrecognized items for tax purposes	335,787	90,049
Tax benefits to be renounced on flow-through expenditures	(265,930)	(356,329)
Tax (expense) benefit on deconsolidation of subsidiary	(19,753)	1,811,543
Tax benefit on flow-through shares purchased	13,000	-
Tax benefit on subsidiary losses not recognized	(75,910)	(29,794)
Income tax expense	**(220,699)**	(72,466)

The significant components of the Company's deferred income tax liability are as follows:

	September 30, 2017 $	December 31, 2016 $
Unrealized losses on marketable securities	284,980	569,227
Mineral property interests	(6,763,909)	(6,325,454)
Unclaimed investment tax credits	546,155	546,155
Non-capital losses	229,358	-
Share issue costs	92,771	71,772
Subsidiary unclaimed deductions and losses	1,162,872	1,060,292
Net deferred income tax liability	**(4,447,773)**	(4,078,008)

As September 30, 2017, the Company and its subsidiaries have unclaimed resource deductions in the amount of $29,504,679 (December 31, 2016 - $28,216,000), which may be deducted against future taxable income.

As at September 30, 2017 there are Company and subsidiary share issue costs totaling $358,640, (December 31, 2016 - $274,000), which have not been claimed for income tax purposes.

As at September 30, 2017 there are unused Company and subsidiary non-capital losses of approximately $5,607,000, of which $109,000 will expire in 2026, $97,000 in 2027, $391,000 in 2028, $332,000 in 2029, $373,000 in 2030 and $4,305,000 in 2031 and after.

As at September 30, 2017 there are unused subsidiary investment tax credits of approximately $738,000 (December 31, 2016 - $738,000), of which $364,000 will expire in 2031, $319,000 in 2032 and $55,000 in 2033.

As at September 30, 2017 there are unused subsidiary capital losses of approximately $2,274,000 (December 31, 2016 – $2,274,000), which have no expiry dates and can only be used to reduce future income from capital gains.

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

14. Supplemental cash flow Information

Changes in non-cash operating working capital during the nine months ended September 30, 2017 and September 30, 2016 were comprised of the following:

	September 30, 2017	September 30, 2016
	$	$
Receivables and prepayments	(128,557)	(179,286)
Accounts payable and accrued liabilities	(64,749)	(126,869)
Accounts payable to related parties	8,688	49,643
Change in current income tax provision	-	118,201
Net change	**(184,618)**	(138,311)

The Company incurred non-cash financing and investing activities during the nine months ended September 30, 2017 and September 30, 2016 as follows:

	September 30, 2017	September 30, 2016
	$	$
Non-cash financing activity		
Subsidiary share capital reduced by flow-through premium liability	192,450	486,396
Non-cash investing activities		
Marketable securities received on disposition of mineral properties	(246,125)	(250,000)
Mineral property sale proceeds received by marketable securities	246,125	250,000
Deferred exploration expenditures included in accounts and related party payables	773,305	657,387
Deferred exploration expenditures included in exploration tax credits recoverable	(29,165)	(50,360)
	744,140	607,027

There were no amounts paid for income taxes or interest during the nine months ended September 30, 2017 or September 30, 2016.

15. Financial risk management

Capital management

The Company is a junior resource exploration company and considers items included in equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company’s capital structure as at September 30, 2017 is comprised of shareholders’ equity of $60,091,011 (December 31, 2016 - $59,416,124).

The Company has no traditional revenue sources. It currently is able to generate funds through the sale or option of its mineral properties and sale of its marketable securities. In order to fund future projects and pay for administrative costs the Company will spend its existing working capital. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral properties, and there being a favorable market in which to sell or option the properties; and or its ability to borrow or raise additional funds from equity markets.

15. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, reclamation deposits, accounts payable and accrued liabilities, and accounts payable to related parties.

The carrying value of receivables, accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2017				
Cash and cash equivalents	17,234,780	-	-	17,234,780
Marketable securities (1)	13,282,533	121,734	-	13,404,267
Reclamation deposits	27,469	-	-	27,469
	30,544,782	**121,734**	**-**	**30,666,516**
December 31, 2016				
Cash and cash equivalents	18,207,169	-	-	18,207,169
Marketable securities (1)	11,483,489	-	-	11,483,489
Reclamation deposits	27,260	-	-	27,260
	29,717,918	-	-	29,717,918

(1) The marketable security totals as at September 30, 2017 and December 31, 2016 do not include the value of the Company's Rockhaven shares.

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable features of its cash equivalents. For the nine months ended September 30, 2017, every 1% fluctuation in interest rates up or down would have impacted income for the period, up or down, by approximately $142,000 (2016 - $157,000) before income taxes.

15. Financial risk management (continued)

Financial instruments risk (continued)

(c) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2017 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted income for the period, up or down, by approximately $1,318,000 (2016 - $1,158,000) before income taxes.

(d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(e) Currency risk

The Company is not exposed to currency risks.

16. Events after the reporting period

(a) On October 17, 2017, the Company granted 4,450,000 incentive stock options to its Officers, Director, related company employees and consultants, which vest one-quarter every three months at an exercise price of $0.45 each until October 17, 2022.

(b) On August 1, 2017, The Company signed a letter of intent (“LOI”) with GGL Resources Corp. (“GGL”), a publicly listed company on the TSX-V to become a controlling shareholder of GGL, pursuant to which, on October 31, 2017, the Company acquired 10 million common shares of GGL at a price of $0.10 per share. The share purchase resulted in the Company becoming a controlling shareholder, owning 45.26% of the issued and outstanding common shares of GGL.

Prior to the share purchase, the Company made an interest-free loan of $100,000 to GGL, which as of September 30, 2017 is receivable. The loan was subsequently repaid on November 3, 2017.