PANGOLIN DIAMONDS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

PANGOLIN DIAMONDS CORP.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	September 30, 2016	June 30, 2016
ASSETS		
Current assets		
Cash	**$ 613,387**	$ 420,530
Receivables, prepaids and deposits	**159,300**	101,711
Total current assets	**772,687**	522,241
Non-current assets		
Equipment (note 3)	**20,725**	20,725
Total assets	**$ 793,412**	$ 542,966
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Amounts payable and accrued liabilities (note 11)	**$ 295,295**	$ 373,171
Shareholders' loan (note 11)	**19,620**	19,620
Total current liabilities	**314,915**	392,791
Shareholders' equity (deficiency)		
Share capital (note 4)	**8,393,086**	8,120,928
Contributed surplus	**2,321,902**	1,772,667
Cumulative translation adjustment	**18,242**	18,242
Deficit	**(10,254,733)**	(9,761,662)
Total shareholders' equity (deficiency)	**478,497**	150,175
Total liabilities and shareholders' equity (deficiency)	**$ 793,412**	$ 542,966

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 7 and 10)

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

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended September 30,	2016	2015
Expenses		
Consulting fees (note 11)	$ **47,237**	$ 21,000
Exploration and evaluation expenditures (notes 7 and 11)	**115,338**	164,741
Administrative costs	**59,362**	52,060
Professional fees (note 11)	**9,085**	16,220
Share-based compensation (note 5)	**247,400**	-
Investor relations, promotion, travel	**12,046**	12,126
Foreign exchange loss	**2,603**	6,424
Net loss and other comprehensive loss for the period	$ **(493,071)**	$ (272,571)
Basic and diluted net loss per share (note 8)	$ **(0.00)**	$ (0.00)
Weighted average number of common shares - outstanding - basic and diluted	**118,747,266**	91,874,710

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

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended September 30,	2016	2015
Operating activities		
Net (loss) for the period	$ (493,071)	$ (272,571)
Adjustments for:		
Share-based payments	247,400	-
Depreciation	-	-
Loss on disposal of equipment	-	-
Changes in non-cash working capital items:		
Receivables, prepaids and deposits	(57,589)	(101,804)
Amounts payable and accrued liabilities	(77,876)	(4,579)
Net cash used in operating activities	(381,136)	(378,954)
Financing activities		
Proceeds from warrant exercise	30,840	-
Proceeds from issuance of units	560,794	628,621
Share issue costs	(17,641)	(9,060)
Shareholders' loan	-	352
Net cash provided by financing activities	573,993	619,913
Net change in cash	192,857	240,959
Cash, beginning of period	420,530	97,138
Cash, end of period	$ 613,387	$ 338,097

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

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital Number	Share Capital Amount	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
Balance, June 30, 2015	88,154,650	$ 7,384,212	$ 1,249,263	$ 18,242	$ (8,823,626)	$ (171,909)
Issuance of common shares in private placement	12,572,425	628,621	-	-	-	628,621
Share issue costs	-	(9,060)	-	-	-	(9,060)
Issuance of warrants	-	(436,263)	436,263	-	-	-
Expiration of options	-	-	(107,120)	-	107,120	-
Net loss for the period	-	-	-	-	(272,571)	(272,571)
Balance, June 30, 2015	**100,727,075**	**$ 7,567,510**	**$ 1,578,406**	**$ 18,242**	**$ (8,989,077)**	**$ 175,081**
Balance, June 30, 2016	115,661,135	8,120,928	1,772,667	18,242	(9,761,662)	150,175
Issuance of common shares in private placement	5,607,944	560,794	-	-	-	560,794
Costs of issue	-	(17,641)	-	-	-	(17,641)
Issuance of broker units	-	(4,102)	4,102	-	-	-
Issuance of warrants	-	(308,437)	308,437	-	-	-
Exercise of warrants	514,000	41,544	(10,704)	-	-	30,840
Share-based payments	-	-	247,400	-	-	247,400
Net loss for the period	-	-	-	-	(493,071)	(493,071)
Balance, September 30, 2016	**121,783,079**	**$ 8,393,086**	**$ 2,321,902**	**$ 18,242**	**$ (10,254,733)**	**$ 478,497**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Pangolin Diamonds Corp. (the “Company” or "Pangolin") was incorporated under the Ontario Business Corporations Act on November 9, 2011. The Company is currently engaged in the acquisition, exploration and development of mineral properties in Botswana. The head office and principal address of the Company is 25 Adelaide Street East, Suite 1614, Toronto, Ontario M5C 3A1.

The Company is in the process of exploring its exploration properties for diamond resources and has not determined whether the properties contain economically recoverable reserves. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. All of the Company’s exploration property interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. The Company has incurred a comprehensive loss during the three months ended September 30, 2016 of $493,071 (three months ended September 30 - $272,571) and has working capital of $457,772 as at September 30, 2016 (June 30, 2016 - working capital of $129,450) and has a deficit of $10,254,733 (June 30, 2016 - $9,761,662). Further financing will be required for working capital and exploration expenditures. The Company is uncertain whether it can obtain, in the current environment, financing to complete its current work programs. These condensed interim consolidated financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of Compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 24, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2016. Any subsequent changes to IFRS that are given effect in the Corporation’s annual financial statements for the year ending June 30, 2017 could result in restatement of these condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Basis of Consolidation

The condensed consolidated interim financial statements of the Company consolidate the accounts of Pangolin Diamonds Corp., and its subsidiaries. All intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Name of Subsidiary	Principal Activity	Location	Proportion Ownership Interest and Voting Power Held
Pangolin Diamonds Limited ("PDL")	holding company	Seychelles	100%
Pangolin Diamonds (Pty) Limited	diamond exploration	Botswana	100%
Geocontracts Botswana (Pty) Limited	exploration consulting, and diamond exploration	Botswana	100%

New Accounting Policies Adopted

The following standards adopted during the three months ended September 30, 2016:

(i) IFRS 10 Consolidated Financial Statements (“IFRS 10”) and IAS 28 Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments were adopted on July 1, 2016, with no material impact to the Company's condensed interim consolidated financial statements.

(ii) IAS 1 Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments were adopted on July 1, 2016, with no material impact to the Company's condensed interim consolidated financial statements.

Future Accounting Changes

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Earlier adoption is permitted.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Future Accounting Changes (Continued)

(ii) In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

There are no other relevant IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. EQUIPMENT

Cost	Field Equipment	Vehicle	Computer Equipment	Total
Balance, June 30, 2015	$ 58,952	$ 20,251	$ 5,892	$ 85,095
Additions	-	1,454	836	2,290
Balance, June 30, 2016	$ 58,952	$ 21,705	$ 6,728	$ 87,385
Additions	-	-	-	-
Balance, September 30, 2016	**$ 58,952**	**$ 21,705**	**$ 6,728**	**$ 87,385**
Accumulated Depreciation				
Balance, June 30, 2015	$ 28,125	$ 24,874	$ 2,630	$ 55,629
Depreciation	3,562	6,534	935	11,031
Balance, June 30, 2016	$ 31,687	$ 31,408	$ 3,565	$ 66,660
Depreciation	-	-	-	-
Balance, September 30, 2016	**$ 31,687**	**$ 31,408**	**$ 3,565**	**$ 66,660**
Carrying Value				
At June 30, 2016	$ 27,265	$ (9,703)	$ 3,163	$ 20,725
At September 30, 2016	**$ 27,265**	**$ (9,703)**	**$ 3,163**	**$ 20,725**

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

Common share

a) Authorized capital

Unlimited number of common shares without par value.

b) Issued and outstanding

	Number		Amount
Balance, June 30, 2015	**88,154,650**	**$**	**7,834,212**
Shares issued on private placement	12,572,425		628,621
Costs of issue	-		(9,060)
Issuance of warrants - valuation	-		(436,263)
Balance, September 30, 2015	**100,727,075**	**$**	**8,017,510**
Balance, June 30, 2016	115,661,135		8,120,928
Issuance of common shares in private placement (i)	5,607,944		560,794
Costs of issue (i)	-		(17,641)
Issuance of warrants - valuation (i)	-		(308,437)
Issuance of broker warrants (i)	-		(4,102)
Exercise of warrants - cash	514,000		30,840
Exercise of warrants - valuation	-		10,704
Balance, September 30, 2016	**121,783,079**	**$**	**8,393,086**

i) On August 15, 2016, the Company completed a private placement financing of 5,607,944 units for gross proceeds of $560,794 at an issue price of $0.10 per unit. Each unit consisted of one common share and one common share purchase warrant, entitling the holder to acquire an additional common share for $0.15 for five years from the date of issuance. Cash costs of issue incurred under this private placement amounted to $17,641. Officers and directors of the Company participated in the total amount of $94,000.

The 5,607,944 warrants issued in connection with this private placement were assigned a grant date fair value of $308,437 using the Black-Scholes option pricing model, based on a risk-free rate of 0.63%, an expected life of 5 years, an expected volatility of 141.23% and an expected dividend yield of 0%.

In connection with this financing, the Company issued 35,000 units to the finders at $0.15, with each unit being identical to those issued in the underlying financing, but with a two year term. The finder warrants were assigned a grant date fair value of $4,102 using the Black-Scholes option pricing model, based on a risk-free rate of 0.54%, an expected life of 2 years, an expected volatility of 157.59% and an expected dividend yield of 0%.

(Expressed in Canadian Dollars)

5. STOCK OPTIONS

In June 2012, the directors of the Company approved the adoption of a stock option plan (the "Plan"). Under the Plan, the Board of Directors of the Company, may from time to time at its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at that time. Such options may be exercisable for a period of up to 10 years from the date of grant. The exercise price of the options is not to be less than the Company's closing market price on the day prior to the grant of the options.

The following table shows the continuity of stock options for the three months ended September 30, 2016 and 2015.

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance, June 30, 2015	7,875,000	0.20
Expired	(1,400,000)	0.10
Balance, September 30, 2015	6,475,000	0.13
Balance, June 30, 2016	9,275,000	0.06
Granted (i)	2,000,000	0.15
Balance, September 30, 2016	**11,275,000**	**0.13**

i) On August 15, 2016, the Company granted an aggregate of 2,000,000 stock options to a director for a period of five years, at an exercise price of $0.15 per share, vesting immediately upon grant. The stock options were valued at the grant date at $247,400, using the Black-Scholes option pricing model, based on a risk-free rate of 0.63%, an expected life of 5 years, an expected volatility of 141.23% and an expected dividend yield of 0%.

The following table summarizes information about stock options outstanding as at September 30, 2016:

Number of Options Outstanding	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)	Grant Date Black Scholes Value ($)
450,000	0.10	0.68	450,000	33,514
150,000	0.10	1.42	150,000	14,400
1,175,000	0.25	1.56	1,175,000	241,530
1,200,000	0.11	2.87	1,200,000	110,400
2,650,000	0.10	3.68	2,650,000	84,800
800,000	0.10	4.04	800,000	26,320
2,850,000	0.12	4.67	2,850,000	304,380
2,000,000	0.15	4.88	2,000,000	247,400
11,275,000	0.13	3.64	11,275,000	1,062,744

(Expressed in Canadian Dollars)

6. WARRANTS

The following table shows the continuity of warrants for the periods ended September 30, 2016 and 2015:

	Number of Warrants Outstanding	Warrants Weighted Average Exercise Price ($)
Balance, June 30, 2015	23,374,890	0.12
Issued	27,106,485	0.05
Expired	(7,584,600)	0.19
Exercised	(400,000)	0.06
Balance, September 30, 2015	**42,896,775**	**0.06**
Balance, June 30, 2016	42,496,775	0.06
Issued	5,642,944	0.15
Exercised	(514,000)	0.06
Balance, September 30, 2016	**47,625,719**	**0.07**

The following table summarizes information about warrants outstanding as at September 30, 2016:

	Number of Warrants Outstanding	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Black Scholes Value ($)
October 29, 2016	7,131,940	0.12	0.12	137,327
October 29, 2016**	206,850	0.06	0.12	8,895
March 27, 2020	7,173,500	0.06	3.49	149,381
March 27, 2017	364,000	0.05	0.49	6,552
September 3, 2020	12,572,425	0.05	3.93	282,504
April 19, 2021	13,869,060	0.05	4.55	301,238
April 19, 2021	665,000	0.05	4.55	15,295
August 15, 2018	35,000	0.15	1.87	4,102
August 15, 2021	5,607,944	0.15	4.88	308,437
	47,625,719	**0.07**	**3.54**	**1,213,731**

** Each warrant is exercisable into one common share and one common share purchase warrant, with each warrant being further exercisable into one common share at a price of $0.12 until October 29, 2016.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION EXPENDITURES

The Company holds prospecting diamond licences in Botswana through its wholly owned Botswana subsidiaries.

During the three months ended September 30, 2016 and 2015, the Company incurred the following exploration and evaluation expenditures:

For the three months ended September 30,	**2016**	2015
Exploration drilling	**$ 41,861**	$ 13,736
Exploration sample analysis	**8,005**	8,447
Fuel and oil	**6,891**	7,506
Motor vehicle expenses and transport	**6,555**	13,418
Field consumables and equipment	**5,746**	3,430
Repairs and maintenance	**789**	2,635
Exploration expenses	**45,491**	115,569
	$ 115,338	$ 164,741

The Botswana government retains a 10% net royalty on the market value of produced diamonds and can select to participate in development by contribution of its share of development costs. Nomathata Diamonds Inc., a corporation incorporated in the Republic of the Seychelles, which is controlled by a significant shareholder who is also a director and officer of the Company, holds a 1.15% net smelter royalty calculated on the same basis as the government's royalty.

8. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three months ended September 30, 2016 and 2015 was based on the loss attributable to common shareholders of $493,071 (three months ended September 30, 2015 - $1,477,572), and the weighted average number of common shares outstanding of 118,747,266 (September 30, 2015 - 91,874,710). Diluted loss per share does not include the effect of stock options or warrants as they are anti-dilutive.

9. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being diamond exploration and evaluation in Botswana. As at September 30, 2016, cash of $579,752 (June 30, 2016 - $357,899) is held in Canadian chartered banks, with a balance of $33,635 (June 30, 2016 - $62,631) being held in Botswana. All of the Company's equipment is held in Botswana.

10. COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to various federal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Finder's agreement

Effective December 22, 2011, the Company entered into a finder's agreement with Aberdeen Gould Capital Markets Ltd. ("Aberdeen Gould"), a corporation controlled by a shareholder of the Company. Pursuant to this agreement, Pangolin granted Aberdeen Gould a right of first refusal for a period of fifty-four months from the date of the agreement, to act as the exclusive finder for Pangolin in respect to all financings of Pangolin. Pangolin may pay Aberdeen Gould a cash fee to be determined, but subject to a maximum of 10% of the gross proceeds raised. Pangolin may also issue to Aberdeen Gould, finder warrants to be determined, but subject to a maximum of 10% of the number of securities issued and sold, at the same purchase price and terms of the offered securities.

Pursuant to a share purchase agreement dated December 22, 2011, as amended November 8, 2012, relating to the reverse acquisition, the Company has agreed to pay Leon Daniels, the former majority shareholder of PDL and a current director and officer of the Company, $1,200,000 only in the event that the Company discovers at least five kimberlites in connection with its properties, payable within 24 months of the discovery of such kimberlites and further assuming such discovery of kimberlites is verified by a qualified person. On December 1, 2013, the parties to the share purchase agreement have agreed that the $1.2 million payment obligation will now be payable within 24 months of the discovery of the 10th (not 5th) Kimberlite, provided that each such kimberlite is "diamondiferous" as verified by a Qualified Person (as such term in defined in NI 43-101). In addition, the parties have agreed that for a kimberlite to be diamondiferous, it must be a kimberlite in which a "macro" diamond is contained – namely a diamond being greater than 0.5 mm in size. If a known diamondiferous kimberlite is acquired by the Company, it will not be counted as one of the 10 as described above. There have been no such kimberlites discovered by the Company to date.

Corporate finance advisory agreement

On July 17, 2012, the Company entered into an agreement with Aberdeen Gould whereby Aberdeen Gould was engaged to perform corporate financial advisory services for a monthly fee of $6,000. This agreement was effective for a period of twenty-four months and will continue thereafter until such time as a three month termination notice is provided in writing. Effective April 1, 2015, the monthly amount was reduced to $2,000. As of January 1, 2016 terms of service were amended, increasing the monthly fee to $4,000.

Consulting agreement

On September 7, 2012, the Company entered into a consulting agreement with an individual to perform functions as the Chief Financial Officer of the Company for a monthly fee of $6,000, effective March 4, 2013, the close of the amalgamation with Key Gold.

(Expressed in Canadian Dollars)

11. KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Compensation of key management personnel of the Company:

The remuneration of directors and other members of key management personnel during the three months ended September 30, 2016 and 2015 were as follows:

For the three months ended September 30,	**2016**	2015
Share-based payments	**$ 247,400**	$ -
Consulting fees	**42,000**	34,500
Consulting fees included in exploration expenses	**24,000**	19,500
	$ 313,400	$ 54,000

Related party transactions:

The Company had the following balances payable to related parties that are not subsidiaries of the Company:

	Sept 30, 2016	June 30, 2016
Shareholders' loans	**$ 12,868**	$ 12,868

Shareholders' loans payable are unsecured, non-interest bearing and due on demand.

During the three months ended September 30, 2016, the Company incurred legal fees of $11,361 (three months ended September 30, 2015 - 14,729) charged by a law firm of which a director of the Company is a partner. Included in accounts payable as at September 30, 2016 was $nil (June 30, 2016 – $nil) owing to this law firm. This amount is subject to the Company's normal trade accounts payable terms.

During the three months ended September 30, 2016, the Company incurred rent expense of $4,500 (three months ended September 30, 2015 - $4,500) charged by a director of the Company for use of a facility in Botswana. As at September 30, 2016, $19,500 (June 30, 2016 - $19,500) was included in accounts payable and accrued liabilities pertaining to rent incurred.

In connection with the private placement which closed August 15, 2016, the Company's Chief Executive Officer and Chief Financial Officer subscribed for shares for consideration of $32,000, and $12,000 respectively, or $44,000 in aggregate. Such amounts were accrued and owing by the Company to these individuals and were converted at the issue price of this private placement.

Included in accounts payable is $3,000 (June 30, 2016 - $6,000) owed to the Company's Chief Financial Officer and $12,500 (June 30, 2016 - $36,443) owed to a director of the Company for consulting fees and sundry expense reimbursements.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.