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American Lithium Corp.

(formerly, Menika Mining Ltd.)

Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

American Lithium Corp.
(in Canadian Dollars)

Condensed Consolidated Interim Statements of Financial Position

As at	August 31, 2016	February 29, 2016
ASSETS		
Current		
Cash and cash equivalents	**714,630**	153,371
Amounts receivable	**28,476**	670
Prepaid expenses and deposits	**180,897**	1,050
	924,003	155,091
Non-current assets		
Drilling deposit (Note 6)	**72,773**	-
Exploration and evaluation assets (Note 5)	**14,820,036**	1
Reclamation deposits (Note 4)	**44,269**	10,000
Property and equipment (Note 7)	**20,020**	-
	15,881,101	165,092
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**135,857**	12,047
Due to related parties (Note 8)	**28,293**	-
	164,150	12,047
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	**22,699,706**	5,518,697
Share subscription	**8,750**	-
Equity reserves	**1,993,010**	383,364
Deficit	**(8,984,515)**	(5,749,016)
	15,716,951	153,045
	15,881,101	165,092

Nature and continuance of operations (Note 1)
Events after the reporting period (Note 14)

Approved on behalf of the board:

"Karl Kottmeier" — Director

"Douglas Ford" — Director

American Lithium Corp.
(in Canadian Dollars)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

	Three months ended August 31, 2016	2015	Six months ended August 31, 2016	2015
Expenses				
Consulting and management fees (Note 8)	**166,664**	3,000	**274,464**	6,000
Exploration and evaluation	**455,503**	-	**455,503**	-
General and administrative	**70,680**	131	**94,053**	505
Filing and listing fees	**25,071**	4,129	**119,471**	10,197
Foreign exchange	**2,914**	-	**2,914**	-
Insurance	**37,660**	-	**37,660**	-
Investor relations	**-**	-	**33,214**	-
Marketing and promotion	**119,969**	-	**730,303**	-
Professional fees	**74,937**	-	**100,346**	-
Registrar and transfer agent fees	**4,160**	-	**11,693**	-
Rent	**26,436**	-	**51,336**	-
Share-based compensation	**210,033**	-	**1,192,710**	-
Travel	**81,372**	-	**131,832**	-
Loss and comprehensive loss	**(1,275,399)**	(7,260)	**(3,235,499)**	(16,702)
Basic and diluted loss per share	**(0.03)**	(0.01)	**(0.10)**	(0.01)
Weighted average number of shares outstanding- basic and diluted	**41,937,854**	11,009,948	**33,157,148**	11,009,948

American Lithium Corp.
(in Canadian Dollars)

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended August 31. 2016	2015
OPERATING ACTIVITIES		
Net loss for the period	**(3,235,499)**	(16,702)
Items not affecting cash:		
Share-based payments	**1,192,710**	-
Changes in non-cash working capital items:		
Sales tax and other receivables, prepaids and deposits	**(207,653)**	(3,368)
Accounts payable and accrued liabilities	**152,103**	(459)
Cash used in operating activities	**(2,098,339)**	(20,529)
INVESTING ACTIVITIES		
Drilling deposit	**(72,773)**	-
Reclamation deposit	**(34,269)**	-
Property and equipment	**(20,020)**	-
Exploration and evaluation assets expenditures	**(731,018)**	-
Cash used in investing activities	**(858,080)**	-
FINANCING ACTIVITIES		
Loan proceeds	**-**	18,213
Common shares issued for cash	**3,722,555**	-
Share issue costs	**(204,877)**	-
Cash provided by financing activities	**3,517,678**	18,213
Change in cash and cash equivalents during the period	**561,259**	(2,316)
Cash and cash equivalents, beginning of period	**153,371**	2,573
Cash and cash equivalents, end of period	**714,630**	257
Cash paid for:		
Interest	**-**	-
Income taxes	**-**	-

Supplemental disclosure with respect to cash flows (Note 13)

American Lithium Corp.
(in Canadian Dollars)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the six months ended August 31,

	Number of shares	Share capital	Share subscription	Equity reserves	Deficit	Total
Balance, March 1, 2015	11,009,948	$ 5,277,793	$ -	$ 319,138	$ (5,611,078)	$ (14,147)
Comprehensive loss for the period	-	-	-	-	(16,702)	(16,702)
Balance, August 31, 2015	11,009,948	$ 5,277,793	$ -	$ 319,138	$ (5,627,780)	$ (30,849)
Balance, March 1, 2016	**13,937,448**	**$ 5,518,697**	**$ -**	**$ 383,364**	**$ (5,749,016)**	**$ 153,045**
Private placement	9,333,333	3,500,000	-	-	-	3,500,000
Share issue costs	-	(256,746)	-	51,869	-	(204,877)
Share issue on warrants	2,636,500	195,305	8,750	-	-	204,055
Share issue on options	185,000	18,500	-	-	-	18,500
Share issue on asset acquisitions	16,883,334	13,693,500	-	-	-	13,693,500
Share-based payments	-	-	-	1,192,710	-	1,192,710
Share-based payments on asset acquisition	-	-	-	395,517	-	395,517
Equity reserves on warrants	-	30,450	-	(30,450)	-	-
Comprehensive loss for the period	-	-	-	-	(3,235,499)	(3,235,499)
Balance, August 31, 2016	**42,975,615**	**$ 22,699,706**	**$ 8,750**	**$ 1,993,010**	**$ (8,984,515)**	**$15,716,951**

1. NATURE AND CONTINUANCE OF OPERATIONS

American Lithium Corp. (formerly Menika Mining Ltd.) (the "Company") was incorporated in the Province of British Columbia. The Company is engaged in the business of identification, acquisition and exploration of mineral interests. The Company's head office is located at Suite 1450, 701 West Georgia Street, Vancouver, British Columbia V6C 2T4 and registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

At the date of the condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

As at August 31, 2016, the Company was in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company has incurred operating losses and at August 31, 2016, had a cumulative deficit of $8,984,515 (February 29, 2016 year-end: $5,749,016) and working capital of $759,853 (February 29, 2016 year-end: $143,044). Operations have been funded primarily by the issuance of equity. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 9 and 11.

(in Canadian dollars)

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended February 29, 2016. The accounting policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of October 28, 2016, the date the Board of Directors approved these unaudited condensed consolidated interim financial statements and they are consistent with those disclosed in the annual audited financial statements.

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 28, 2016.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

1032701 B.C. Ltd.	100%	Asset holding company (active)
1065604 B.C. Ltd.	100%	Asset holding company (active)
1067323 B.C. Ltd.	100%	Asset holding company (active)
1074654 B.C. Ltd.	100%	Asset holding company (active)
1032701 Nevada Ltd.	100%	Asset holding company (active)

All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

b) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

c) Recent accounting pronouncements

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

d) Change in accounting policy

Exploration and Evaluation Assets

During the period, the Company changed its accounting policy for recording the value of E&E Assets. The change had no material impact on the presentation of historical amounts recorded in the Company's financial statements.

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management determines there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves, and requires significant judgment on the part of management.

(in Canadian dollars)

Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Management reviews the carrying value of capitalized exploration and evaluation expenditures at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for exploration and evaluation assets, net of write-downs and recoveries, are not intended to represent present or future values.

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

4) RECLAMATION DEPOSITS

Reclamation deposits consist of term deposits and bonds, recorded at cost and held as security by the Provincial Government of British Columbia and the State of Nevada respectively, with regards to certain exploration properties described in Note 5.

5) EXPLORATION AND EVALUATION ASSETS

	Balance Mar. 1, 2016 $	**Additions $**	**Balance Aug. 31, 2016 $**
Reliance property – British Columbia, Canada	1	-	1
Ava property – British Columbia, Canada	-	-	-
Fish Lake Valley property – Nevada, USA	-	938,476	938,476
Atlantis property – Nevada, USA	-	4,971,056	4,971,056
Fish South property – Nevada, USA	-	1,620,217	1,620,217
Colorado property – Nevada, USA	-	4,529,182	4,529,182
San Emidio property – Nevada, USA	-	2,303,457	2,303,457
Clayton Valley BFF property – Nevada, USA	-	457,647	457,647
Total	1	14,820,035	14,820,036

(in Canadian dollars)

	Balance Mar. 1, 2015 $	Additions $	Balance Feb 29, 2016 $
Reliance property – British Columbia, Canada	1	-	1
Ava property – British Columbia, Canada	-	-	-
Total	1	-	1

Reliance Property

The Company holds a 100% interest in 977.749 hectares known as the Reliance group of claims in the Lillooet Mining Division, British Columbia. During the year ended February 29, 2012, the Company wrote the Reliance Mining Group claims down to $1 to reflect the uncertainty related to its economic value.

Ava Property

The Company holds a 100% interest in 1,320.539 hectares known as the AVA Property, located at and to the east of the village of Criss Creek, which is 37 kilometers north-northeast of Savona, located at the west end of Kamloops Lake, British Columbia. During the year ended February 29, 2016, the Company let three mineral claims lapse on the AVA Property (AVA 9, AVA 10 and MOW 3). On January 19, 2016, the Company re-staked these claims, with a new expiry date of January 19, 2017.

Fish Lake Valley Project - Nevada, USA

The “Fish Lake Valley Project” consists of a series of 98 placer claims comprising a total of 7,840 acres in Esmerelda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Fish Lake Valley Project by fulfilling the commitments outlined below:

i. Initial Earn-in option: the Company may acquire the initial 80% undivided interest in the Fish Lake Valley Project should the following conditions be met:

	Common Shares	Cash	Exploration Expenditures
	#	USD $	USD $
Upon closing (issued and paid)	200,000	130,000	-
On or before the first anniversary of the closing	100,000	100,000	200,000
On or before the second anniversary of the closing	100,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	400,000	330,000	1,100,000

ii. Subsequent Earn-in option: The Company may acquire an additional 20% of the Fish Lake Valley Project by paying to the Optionor an aggregate amount of US $1,000,000 on or before the date that is 12 months after the exercise of the initial Earn-in Option.

The Optionor retains a 2.5% net smelter royalty (NSR), one half of which can be purchased for $1,000,000 cash.

(in Canadian dollars)

Atlantis Property - Nevada, USA

The Atlantis property consists of a series of 69 placer claims and 19 association placer claims, comprising a total of 2,882 acres, located in Esmeralda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Atlantis Property by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	USD $	USD $
Upon closing date (paid)	-	48,050	-
Within 30 days of entering into the option (paid)	-	78,000	-
Within 60 days of closing of acquisition (issued)	250,000	-	-
On or before the first anniversary of the closing	-	-	100,000
On or before the second anniversary of the closing	500,000	-	250,000
On or before the third anniversary of the closing	500,000	-	650,000
Total	1,250,000	126,050	1,000,000

Fish South Property - Nevada, USA

On June 1, 2016, the Company finalized an option agreement with TY & Sons Explorations (Nevada) Ltd. ("the Optionor"), who has the right to acquire a 100% interest in a series of mineral claims located in Esmeralda County, Nevada, USA ("the Fish South Property"). Under an earn-in option agreement, the Company has the right to acquire a 80% undivided interest in the Fish South property by fulfilling the commitments outlined below:

	Common Shares	Warrants	Cash
	#	#	USD$
Within 60 days of closing to the Property owner	-	-	78,800
Upon closing to the Optionor (paid and issued)	700,000	300,000	100,000
Within 4 months after closing to the Property Owner (issued)	300,000	-	-
On or before the first anniversary of the closing to the Optionor	500,000	-	-
On or before the second anniversary of the closing to the Optionor	500,000	-	-
Total	2,000,000	300,000	178,800

Colorado Property - Nevada, USA

On June 7, 2016, the Company finalized an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323"), a privately-held British Columbia based mineral exploration company with a common Director. In consideration, the Company issued 6,000,000 common shares to acquire all of the outstanding share capital of 1067323 B.C. Ltd.

1067323 B.C. Ltd. is a party to an Earn-in Option agreement with Colorado Exploration Inc. ("the Optionor") ") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). Under an earn-in option agreement, the

(in Canadian dollars)

Company has the right to acquire a 100% interest in the Colorado property, subject to a one percent (1.0%) net smelter returns royalty, by fulfilling the commitments outlined below:

	Common Shares	Cash
	#	$
Upon closing date (paid)	400,000	200,000
Total	400,000	200,000

San Emidio Property - Nevada, USA

Pursuant to the Earn-in Option agreement between the Lithium Corp. ("the Optionor") and 1067323 B.C. Ltd.("the Optionee"), the Company holds the rights to acquire the San Emidio property ("San Emidio Property"), representing a series of twenty-eight (28) placer claims, over 2,240 acres (907 hectares) in Nevada, USA.

Initial Earn-in option: the Company may acquire an initial 80% undivided interest in the San Emidio property if the following conditions are met:

	Common Shares	Cash	Exploration Expenditures
	#	USD $	USD $
Within 30 days following the effective date (issued and paid)	100,000	100,000	-
On or before the first anniversary of the closing	100,000	-	100,000
On or before the second anniversary of the closing	100,000	-	200,000
On or before the third anniversary of the closing	-	-	300,000
Total	300,000	100,000	600,000

Subsequent Earn-in option: The Company may acquire an additional 20% of the San Emidio property by paying to the Optionor, subject to a two-and-one-half (2.5%) percent net smelter returns royalty, an aggregate amount of US $1,000,000 on or before the date that is 6 months after the exercise of the initial Earn-in Option.

Clayton Valley BFF Property - Nevada, USA

On July 5, 2016, the Company entered into an agreement to acquire all of the outstanding share capital of 1074654 B.C. Ltd. ("1074654"), a privately held British Columbia mineral exploration company that holds a right to acquire a 70% interest in a series of 77 placer claims comprising 1,540 acres, located in Esmeralda County, Nevada and known as "Clayton Valley BFF". The Company received TSX approval and closed the transaction on July 12, 2016. In consideration of all the outstanding share capital of 1074654, the Company assumed 1074654's obligations in respect of Clayton Valley BFF.

Under an earn-in option agreement, the Company has the right to acquire a 70% undivided interest in the Clayton Valley BFF Property by fulfilling the commitments outlined below:

(in Canadian dollars)

	Common Shares	Cash	Exploration Expenditures
	#	USD $	USD $
Upon closing (issued and paid)	400,000	75,000	-
On or before the first anniversary of the closing	400,000	100,000	100,000
On or before the second anniversary of the closing	400,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	1,200,000	275,000	$1,000,000

6) DRILLING DEPOSIT

During the period ended August 31, 2016, the company entered into a drilling agreement with Boart Longyear Company ("BLY") for Sonic Drilling Services. The agreement required that the company pay a USD55,325 (C$72,773) drilling advance for the services to be rendered.

7) PROPERTY AND EQUIPMENT

	Furniture	Total
Cost		
Balance – February 28,2015 and 2016	-	-
Acquired	20,020	20,020
Disposal	-	-
Balance – August 31, 2016	$ 20,020	$ 20,020
Accumulated depletion and		
Balance – February 28, 2015 and 2016	-	-
Depreciation	-	-
Disposal	-	-
Balance – August 31, 2016	$ -	$ -
Carrying amounts		
Balance as at February 29, 2016	$ -	$ -
Balance as at August 31, 2016	$ 20,020	$ 20,020

(in Canadian dollars)

8) RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	Period ended August 31,	
Key Management Personnel	**2016**	2015
Salaries and short term benefits[(i)]	**$ 251,792**	$ nil
Share-based payments	**858,084**	-
	$ 1,109,876	$ nil

[(i)]Salaries and short term benefits include $37,702 (2015: $nil) in Management fees and $92,239 (2015: $nil) in Consulting fees; recorded on the Statement of Loss and Comprehensive Loss.

During the period ended August 31, 2016, the Company entered into the following transactions with key management personnel:

Related party	**Nature of transaction**
Samantha Stewart ("Stewart")	Consulting fees for the management services of a former director
Anita Algie ("Algie")	Consulting fees for the management services of a former director and officer
Michael Kobler ("Kobler")	Consulting fees for the services provided by Michael Kobler the Executive Chair and Chief Operating Officer (formerly, Chief Executive Officer)
Peter Born ("Born")	Consulting fees for the management services of a former director
Richard Ko ("Ko")	Consulting fees for the management services of a former director and officer
Betty Joy LeBlanc ('LeBlanc")	Consulting fees for the management services of a former director
Dana Brock ("Brock")	Consulting fees for geological services provided by an officer
Alan Abrams ("Abrams")	Independent director
Andrew Squires ("Squires")	Independent director
Pacific Equity Management Corp. ("PEM")	Management fees for services provided by CEO, CFO, VP Corporate Development, VP Finance, Accountant, and Administrator.

(a) Accrued $10,000 (2015: $nil) to PEM pursuant to a Management Services Agreement entered into as of August 10, 2016. PEM is a company controlled by two directors/officers, and it provides daily management services to the Company. The payments are disclosed in key management personnel compensation within salaries and short term benefits.

(b) Paid or accrued $80,676 (2015: $nil) to Kobler and to a company directed by Kobler, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed $42,427 to Kobler and to a company directed by Kobler, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of $343,234 (2015: $nil) recorded in share based compensation.

(c) Paid $97,916 (2015: $nil) to a company directed by Brock, for geological services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed $9,970 to a company directed by Brock, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of $171,617 (2015: $nil) recorded in share based compensation.

(d) Granted stock options with a calculated fair value of $128,713 (2015: $nil) to Abrams in share based compensation. The payment is disclosed in key management personnel compensation within share based payments.

(e) Granted stock options with a calculated fair value of $128713 (2015: $nil) to Squires in share based compensation. The payment is disclosed in key management personnel compensation within share based payments.

(f) Paid $10,000 (2015: $nil) to Algie and to a company directed by Algie, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed $224 (2015: $8,854) to Algie, for expenses incurred on behalf of the Company.

(g) Paid $5,000 (2015: $nil) to Born and to a company directed by Born, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.

(h) Paid $5,000 (2015: $nil) to Ko, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.

(i) Paid $15,200 (2015: $nil) to Stewart and to a company directed by Stewart, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed $76 (2015: $nil) to Stewart, for expenses incurred on behalf of the Company.

(j) Paid $28,000 (2015: $nil) to LeBlanc and to a company directed by LeBlanc, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed $14,585 (2015: $nil) to LeBlanc, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of $85,807 (2015: $nil) recorded in share based compensation.

9) CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares to raise cash and obtain bridging loans from related parties.

The Company's investment policy is to invest its cash in investment instruments in financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

10) SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

During the year ended February 29, 2016:

The Company completed a non-brokered private placement of 650,000 units at a price of $0.08 per unit for gross proceeds of $52,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at an exercise price of $0.10 per share, has a grant date of September 15, 2015 and expires September 15, 2020.

2,277,500 common shares were issued on the exercise of warrants at a purchase price of $0.07 per common share for gross proceeds of $159,425. In connection with the exercise of the warrants, the company transferred $29,479 from share warrant reserves to share capital.

During the six months ended August 31, 2016:

The Company completed a non-brokered private placement of 6,000,000 units at a price of $0.25 per unit for gross proceeds of $1,500,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of $0.50 per share until April 6, 2020.

To complete the acquisition of 1032701 BC Ltd., the Company issued 4,000,000 common shares.

In consideration for an option on the Fish Lake Valley project, the Company issued 200,000 common shares with a fair value of $32,000 (note 5).

The Company completed a non-brokered private placement of 3,333,333 units at a price of $0.60 per unit for gross proceeds of $2,000,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of $1.00 per share until May 4, 2019.

(in Canadian dollars)

To complete the acquisition of 1065604 BC Ltd., the Company issued 4,533,334 common shares.

In consideration for an option on the Atlantis property, the Company issued 250,000 common shares with a fair value of $262,500 (note 5).

2,611,500 common shares were issued upon the exercise of warrants at a purchase price of $0.07 per common share for gross proceeds of $182,805; and 25,000 common shares were issued upon the exercise of warrants at a purchase price of $0.50 per common share for gross proceeds of $12,500. Upon the exercise of stock options, 185,000 common shares were issued at $0.10 per share.

In connection with the private placements, the Company issued 66,667 share purchase warrants as finder's fees at a price of $1.00 per share until three years after the issue date with a fair value of $51,869. The Company paid $256,746 in share issue costs related to the private placements.

Warrants

Details of common share purchase warrants outstanding at August 31, 2016 are as follows:

Number of warrants	Exercise price	Remaining life (years)	Expiry date
5,111,000	$ 0.07	2.30	December 20, 2018
650,000	$ 0.10	4.05	September 17, 2020
2,975,000	$ 0.50	3.60	April 6, 2020
1,733,334	$ 1.00	2.67	May 4, 2019
300,000	$ 1.10	2.75	June 1, 2019
10,769,334			

(in Canadian dollars)

A summary of changes of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
Balance, February 28, 2015	10,000,000	$ 0.07
Exercised	(2,277,500)	0..07
Issued	650,000	0.10
Balance, February 29, 2016	8,372,500	$ 0.16
Issued	3,000,000	0.50
Issued	1,733,334	1.00
Issued	300,000	1.10
Exercised	(2,611,500)	0..07
Exercised	(25,000)	0.50
Balance, August 30, 2016	**10,769,334**	**$ 0.37**

The fair value of the 66,667 broker's warrants issued in connection with the private placements that closed in the period ended May 31, 2016 was estimated using the Black-Scholes option-pricing model is $51,869. The following weighted average assumptions were used: Risk-free interest rate –0.66%; Expected volatility – 174%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 20%.

The holders of the warrants granted on December 20, 2013 can only exercise the number of warrants which will result, when the shares are issued, in the holder's shareholding not exceeding 10% of the Company's issued and outstanding shares as at the date of the exercise.

Stock Options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company. The options vest on the date of grant.

As at August 31, 2016, the following options were outstanding and exercisable:

Number of options	Exercise price	Remaining life (years)	Expiry date
915,000	$ 0.10	4.04	September 14, 2020
150,000	$ 0.45	2.59	April 4, 2019
1,000,000	$ 1.13	4.68	May 5, 2021
75,000	$ 1.70	4.67	May 2, 2021
250,000	$ 1.57	1.78	June 13, 2018
2,390,000			

A summary of changes of stock options outstanding is as follows:

(in Canadian dollars)

	Options	Weighted average exercise price
Balance, February 28, 2015 and February 29, 2016	1,100,000	$ 0.10
Exercised	(185,000)	$ 0.10
Granted	150,000	$ 0.45
Granted	1,000,000	$ 1.13
Granted	75,000	$ 1.70
Granted	250,000	$ 1.57
Balance outstanding and exercisable as at August 31, 2016	**2,390,000**	**$ 0.76**

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of outstanding options is 4.00 years.

On September 14, 2015, the Board of Directors of the Company approved the issuance 1,100,000 stock options to various consultants at an exercise price of $0.10. These options were granted for a period of five years and vest upon issuance. The estimated fair value, $93,705, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.77%, no annual dividends, expected volatility of 174% and a market price of shares at grant date $0.09.

On April 4, 2016, the Board of Directors of the Company approved the issuance 150,000 stock options to various consultants at an exercise price of $0.45. These options were granted for a period of three years and vest upon issuance. The estimated fair value, $58,671, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.53%, no annual dividends, expected volatility of 174% and a market price of shares at grant date $0.45.

On May 2, 2016, the Board of Directors of the Company approved the issuance 75,000 stock options to a consultant at an exercise price of $1.70. These options were granted for a period of five years and vest upon issuance. The estimated fair value, $65,921, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.75%, no annual dividends, expected volatility of 174% and a market price of shares at grant date $1.17.

On May 5, 2016, the Board of Directors of the Company approved the issuance 1,000,000 stock options to certain directors, officers and consultants at an exercise price of $1.13. These options were granted for a period of five years and vest upon issuance. The estimated fair value, $858,084, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.68%, no annual dividends, expected volatility of 174% and a market price of shares at grant date $1.13.

On June 13, 2016, the Board of Directors of the Company approved the issuance 250,000 stock options to a consultant at an exercise price of $1.57. These options were granted for a period of two years and vest upon issuance. The estimated fair value, $210,034, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.48%, no annual dividends, expected volatility of 136% and a market price of shares at grant date $1.32.

11) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's consolidated financial instruments consist of cash and cash equivalents, sales tax, accounts payable and accrued liabilities, and due to related parties. As at August 31, 2016, the Company classifies its cash and cash equivalents and sales tax as fair value through profit and loss, and its accounts payable and accrued liabilities and due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at August 31, 2016 relating to cash of $714,630. All cash is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet accounts payable requirements. The Company maintained sufficient cash balances to meet its needs at August 31, 2016.

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at August 31, 2016, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's loss for the year by approximately $71,463.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Commodity Price Risk

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

During the periods ended August 31, 2016 and February 29, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

12) SEGMENTED INFORMATION

As of August 31, 2016, the Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company's interests in mineral properties are located in British Columbia, Canada and Nevada, USA.

13) COMMITMENTS

The Company rents premises under an operating lease at a cost of $8,200 per month. The lease expires on April 30, 2017.

Pursuant to a Management Services Agreement dated as of August 10, 2016 the Company has agreed to retain PEM to provide the services of the Chief Executive Officer, Chief Financial Officer; Vice President-Finance, Vice President Corporate Development and Administrator. The agreement call for a monthly fee for the services provided of $20,000 per month to September 30, 2016, then $30,000 thereafter. The agreement is continuous, and may be terminated by either party with three months' advance written notice.

14) EVENTS AFTER THE REPORTING PERIOD

Subsequent to August 31, 2016, 2,825,000 warrants have been exercised for gross proceeds of $197,750.