# GREEN VALLEY MINE INCORPORATED

## Condensed Interim Financial Statements

## For the Three Month Period Ended
## June 30, 2017 and 2016

**GREEN VALLEY MINE INCORPORATED**

June 30, 2017

## NOTICE OF NO AUDITOR 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 condensed 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 condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements.

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

**GREEN VALLEY MINE INCORPORATED**
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**
(Unaudited – Expressed in Canadian dollars)

| | **As at June 30, 2017** **$** | As at March 31,2017 (Audited) $ |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | **25,288** | 42,259 |
| Sales tax receivable | | 1,903 |
| Prepaid expenses | **-** | 5,000 |
| | **25,288** | 49162 |
| **RECLAMATION DEPOSIT** *(Note 4)* | **15,000** | 15,000 |
| **EQUIPMENT** *(Note 5)* | **847** | 847 |
| **EXPLORATION AND EVALUATION ASSETS** *(Note 6)* | **1** | 1 |
| | **41,135** | 65.010 |
| **LIABILITIES** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities *(Note 7and 9)* | **10,207** | 29.270 |
| Due to related parties *(Note 8)* | **nil** | - |
| | **10,207** | 29,270 |
| **DEFICIENCY** | | |
| **SHARE CAPITAL** *(Note 10)* | **3,942,196** | 3,942,196 |
| **SHARE OPTION RESERVE** | **175,458** | 175,458 |
| **DEFICIT** | **(4,081,914)** | (4,081.914) |
| | **30,928** | (35.740) |
| | **41,135** | 65,010 |

Continuance of Business *(Note 1)*
Commitment *(Note 16)*

Approved and authorized for issue on behalf of the Board on August 29, 2017

**"Doreen Boitard "** Director
Doreen Boitard

**"David Mark "** Director
David Mark

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

**GREEN VALLEY MINE INCORPORATED**

**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**
**FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016**
(Unaudited – Expressed in Canadian dollars)

| | Three Months Ended June 30 2017 $ | Three Months Ended June 30 2016 $ |
|---|---|---|
| EXPENSES: | | |
| Management fees *(Note 9)* | **nil** | **15,000** |
| Accounting and legal | **4,583** | **1,200** |
| Office and general | **2,052** | **5,243** |
| Registrar and transfer agent fees | **6,956** | **616** |
| Filing and listing fees | **-** | **nil** |
| Depreciation | **-** | **10** |
| Operating loss before other items for the period | **(13,591)** | **( 22,069)** |
| OTHER ITEMS | | |
| Interest income | **nil** | **29** |
| NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | **( 13,591)** | **( 22,040)** |
| Net loss per common share – Basic and diluted | | **( 0.00)** |
| Weighted average number of common shares outstanding | | **18,440,391** |

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

**GREEN VALLEY MINE INCORPORATED**
**CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY**
**FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016**
(Unaudited – Expressed in Canadian dollars)

| | Common Shares | | | | |
|---|---|---|---|---|---|
| | Shares | Amount | Share Option Reserve | Accumulated Deficit | Total |
| | | $ | $ | $ | $ |
| **Balance, March 31, 2015 (Audited)** | **58,664,785** | **3,247,275** | **175,458** | **( 3,941,193 )** | **( 518,460 )** |
| Comprehensive loss for the nine months ended December 31, 2015 | | - | - | ( 124,702 ) | (124,70230 ) |
| **Balance, December 31, 2016** | **58,664,785** | **3,247,275** | **175,458** | **( 4,065,895 )** | **( 643,162 )** |
| Comprehensive loss for the three months ended March 31, 2016 | | - | - | ( 62,032 ) | ( 62,032) |
| **Balance, March 31, 2017 (Audited)** | 18,440,391 | 3,942,196 | 175,458 | ( 4,081,914 ) | 35,740 |
| | | 129,375 | - | - | 129,375 |
| | | (3,897) | - | - | (3,897) |
| Comprehensive loss for the three months ended June 30, 2017 | | - | - | ( 13,591 ) | ( 35,740) |
| **Balance, June 30, 2017** | **18,440,391** | **3,942,196** | **175,458** | **( 4,081,914 )** | **22,149** |

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

**GREEN VALLEY MINE INCORPORATED**
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016**
(Unaudited – Expressed in Canadian dollars)

| | **Three Months Ended June 30 2017 $** | **Three Months Ended June 30 2016 $** |
|---|---|---|
| OPERATING ACTIVIIES | | |
| Net Loss for the period | **( 13,591 )** | **( 22,040)** |
| Less items not affecting cash | | |
| Amortization | | **10** |
| | **( 13,591)** | **( 22,030)** |
| Change in non-cash components of working capital | | |
| Sales tax receivable | | **( 2,721)** |
| Prepaid expenses | **2,600** | **2,400** |
| Accounts payable and accrued liabilities | **nil** | **( 6,631)** |
| **NET CASH USED IN OPERATING ACTIVITIES** | **(10,991)** | **(10,278)** |
| INVESTING ACTIVITIES | | |
| Acquisition of and expenditure on exploration and evaluation assets *(Note 6)* | **-** | **-** |
| **NET CASH USED IN INVESTING ACTIVITIES** | **-** | **-** |
| FINANCING ACTIVITIES | | |
| Amounts received from related parties | **nil** | **10,534** |
| **NET CASH PROVIDED BY FINANACE ACTIVITIES** | | **10,534** |
| CHANGE IN CASH | **16,791** | **256** |
| CASH, BEGINNING OF PERIOD | **42,259** | **1,277** |
| **CASH, END OF PERIOD** | **25,288** | **1,533** |
| SUPPLEMENTAL DISLOSURES | | |
| Interest paid | **-** | **-** |
| Income tax paid | **-** | **-** |

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

## NOTE 1 - NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Green Valley Mine Incorporated (the "Company") was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange. The Company's registered address is 1756 – 246th Street, Langley, BC, V2Z 1G4

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties. At December 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 incurred a loss of $62,032 (2015: $60,330) for the three months ended June 30,, 2017. At June 30, 2017 the Company had a working capital deficiency of $595,532 (2015: $533,799) and an accumulated deficit of $4,127,927 (2015: $3,941,193), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

## NOTE 2 – BASIS OF PRESENTATION

These unaudited condensed interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB) and using the accounting policies under International Financial Reporting Standards ("IFRS") for interim financial information. The same accounting policies and principles were followed in respect of the preparation of these unaudited condensed interim financial statements as were followed in the preparation of the audited annual financial statements for the year ended March 31, 2017.

These condensed interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3 (c). All amounts are expressed in Canadian dollars unless otherwise stated.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Estimates with a significant risk of material adjustment are discussed in Note 3(a).

**NOTE 2 – BASIS OF PRESENTATION - Continued**

The assessment of the Company's ability to identify potential mineral reserves and obtain financing to fund the working capital requirements involves judgment. The judgment made by management with a significant risk of material adjustment is the going concern assumption

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES**

[a] Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, recognition of deferred tax assets, and assumptions used in valuing options and warrants in share-based payment calculations. Actual results could differ from these estimates.

[b] Functional Currency

The Company's mineral properties are in Canada and the majority of transactions are in Canadian dollars and therefore the reporting and functional currency of the Company is the Canadian dollar.

[c] Financial instruments

*Financial assets*

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

Transactions costs associated with financial assets at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

*Financial liabilities*

All financial liabilities are initially recorded at fair value and classified upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued**

[c] *Financial instruments* – Continued

*Financial liabilities*

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

[d] Exploration and evaluation assets

Exploration and evaluation costs, including the acquisition, exploration and development of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis pending determination pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration or evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values. The costs incurred include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain

[e] Impairment

The Company’s tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset’s recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

[e] Impairment – Continued

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

[f] Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2016 and December 31, 2015, the Company had not incurred any asset retirement obligation related to the exploration and development of its mineral properties.

[g] Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(Unaudited – Expressed in Canadian dollars)

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

[h] Equipment

Equipment is recorded at cost less accumulated amortization less impairment losses. Amortization method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at the following rates per annum:

| | |
|---|---|
| Culverts | - 4% |
| Field equipment | - 20% |

One half of these rates are applied in the year of acquisition. Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing are recognized in profit or loss as incurred.

[i] Government Assistance

British Columbia (“B.C.”) mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property. No such tax credits were applied during the nine months ended December 31, 2016 (2015: $5,304 tax credits received).

[j] Flow-through Shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference (“premium”) between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liabilities which is reversed into the statement of loss within other income when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represented the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares. No flow-through shares were issued during the nine months ended December 31, 2016 and December 31, 2015.

[k] Share based payments

The Company has a stock option plan, which is described in Note 12. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in share option reserve. When the options are exercised, share capital is credited for the consideration received and the related share option reserve is decreased.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

[k] Share based payments – *Cont'd*

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received in the statement of comprehensive loss. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service. Amounts related to the issuance of shares are recorded as a reduction of share capital.

[l] Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

[m] Income taxes

The Company utilizes the asset and liability method of accounting for deferred taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

[n] Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year.

[o] Changes in accounting policy

Effective April 1, 2015, the Company adopted the following new accounting standards and interpretations. The Company determined that the adoption of these standards and interpretations did not result in any material changes in the financial statements.

**IAS 32 *Financial Instruments: Presentation*** - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES – Continued**

[p] Changes in accounting policy - *Cont'd*

**IAS 36** ***Impairment of Assets*** **-** In May 2013, the IASB, as a consequential amendment to IFRS 13 *Fair Value Measurement*, modified some of the disclosure requirements in IAS 36 regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB's decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.

**IAS 39** ***Financial Instruments: Recognition and Measurement*** - In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

**IFRIC 21** ***Levies*** - IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

[p] New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following standard will be effective for annual periods beginning on or after January 1, 2016:

**IAS 16** ***Property, Plant and Equipment*** **and IAS 36** ***Intangible Assets*** – In May 2014, the IASB issued an amendment to IAS 16 and IAS 36. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual periods beginning on or after April 1, 2018:

**IFRS 9** ***Financial Instruments*** **-** In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

(Unaudited – Expressed in Canadian dollars)

## NOTE 4 – RECLAMATION DEPOSITS

The Company has a $15,000 (2015: $15,000) term deposit, recorded at cost, which is held as security for the Provincial Government of British Columbia related to certain exploration properties (see Note 6).

## NOTE 5 – EQUIPMENT

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Equipment | $ 1,227 | $ 1,216 | $ 11 | $ 13 |
| Culverts | 4,084 | 3,240 | 844 | 881 |
| | $ 5,311 | $ 4,456 | $ 855 | $ 894 |

There were no additions or disposals during the nine months ended December 31, 2016 and 2015.

## NOTE 6 – EXPLORATION AND EVALUATION ASSETS

| | |
|---|---|
| **Balance, March 31, 2015** | 1 |
| Acquisition of claims | 432 |
| Exploration | 4,316 |
| Mineral exploration tax credit | ( 5,304 ) |
| **Balance, December 31, 2015** | **( 555 )** |
| Balance, March 31, 2016 | 1 |
| Exploration | - |
| **Balance, June 30, 2017** | **1** |

**Wood Mining Group** - The Company holds a 100% interest in the Wood Group of mineral claims, consisting of approximately 6,508 hectares located in the Kamloops Mining Division of British Columbia. During the year ended March 31, 2016 and 2015, the Company wrote the Wood Mining Group claims down to $1 to reflect the uncertainty related to its economic value.

During fiscal 2016, the Company added additional claims of approximately 946 hectares (2015: 431) for $1,655 (2015: $755) to the Wood Mining Group.

During the three months ended June 30, 2017, the Company expended $Nil on exploration costs ( 2015: $4,316 and applied a mineral tax credit of $5,304 ).

(Unaudited – Expressed in Canadian dollars)

## NOTE 7 – ACCOUNTS PAYABLE AND ACRUED LIABILITIES

| | | June, 2017 | | June 30, 2016 |
|---|---|---|---|---|
| Accounts payable | $ | 10,207 | $ | 98,819 |
| Accrued liabilities | | - | | 234,580 |
| | $ | 10,207 | $ | 333,399 |

## NOTE 8 – DUE TO RELATED PARTIES

| | | June 30, 2017 | | June 30, 2016 |
|---|---|---|---|---|
| Amounts due to directors (a) | $ | - | $ | 124,264 |
| Amounts due to directors (b) | | - | | 41,558 |
| Amounts due to a company controlled by directors | | - | | 183,678 |
| Total amount due to related parties | $ | | $ | 349,800 |

## NOTE 9 – RELATED PARTY TRASACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

N/A

## NOTE 10 – SHARE CAPITAL

(a) Authorized: Unlimited number common shares without par value

(b) Issued and Outstanding: 18,440,391 common sharers

(c) Shares held in escrow: Nil

(d) Warrants: As at June 30,2017 , there were 2,555,556 warrants at $0.315 per warrant outstanding

Private Placement:

On November 23, 2016, the Company issued 2,555,556 units at $0.0506 per unit for gross proceeds of $129,375. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.315 per share until May 24, 2018. The common shares comprising the units and any shares issued upon the exercise of any warrants are subject to a hold period expiring midnight on May,24 24, 2018. No finder's fees were payable on this financing. The Company paid issuance costs of $4,097 related to the placement.

**Private Placement – Cont'd**

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The proceeds of this offering will be used to settle existing debt owed to arm's length parties and for working capital purposes over the next six months.

(Unaudited – Expressed in Canadian dollars)

## NOTE 11 – SHARE-BASED PAYMENTS

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 option vests on the date of grant.

At December 31, 2016 and December 31, 2015, there were no options outstanding.

During the nine months ended December 31, 2016 and December 31, 2015, there were no options granted by the Company***.***

## NOTE 12 - SEGMENTED INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The mineral properties are located in Canada in the Province of British Columbia.

## NOTE 13 – INCOME TAXES

As at December 31, 2016, the Company has $1,120,000 of non-capital losses carry forwards available to reduce taxable income for future years. These losses expire as follows:

| | | |
|---|---|---|
| 2037 | $ 62,000 | Estimate for the nine months ended December 31, 2016 |
| 2036 | 109,000 | |
| 2035 | 108,000 | |
| 2034 | 75,000 | |
| 2033 | 97,000 | |
| 2032 | 99,000 | |
| 2031 | 105,000 | |
| 2030 | 111,000 | |
| 2029 | 134,000 | |
| 2028 | 111,000 | |
| 2027 | 109,000 | |
| | $ 1,120,000 | |

The Company also has certain allowances in respect of resource development and exploration costs of approximately $1,401,000 which, subject to certain restrictions, are available to offset against future taxable income. The application of non-capital losses and resource development costs against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

## NOTE 14 – MANAGEMENT OF CAPITAL

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 development 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 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 high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

## NOTE 15 – FINANCIAL INSTRUMENTS AND RISK

### Financial Instruments

As at December 31, 2016, the Company's financial instruments consist of cash, accounts payable and due to related parties.

The Company classifies its cash as fair value through profit and loss, and its accounts payable, due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

### Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

Cash of $42,305 is classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the year.

### Financial risk management

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

## NOTE 15 – FINANCIAL INSTRUMENTS AND RISK - Continued

Financial risk management - - *Cont'd*

*Credit risk*

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash in the event of non-performance by counterparties, but does not anticipate such non-performance. The maximum exposure to credit risk of the Company at the end of the period is the carrying value of its cash.

The Company mitigates its exposure to credit risk by maintaining its primary operating and investment bank accounts with chartered banks in Canada.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial papers.

*Foreign exchange risk*

The Company's functional currency is the Canadian dollar. Therefore, the Company is not exposed to foreign exchange risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and financial liabilities are not exposed to interest rate risk because they are non-interest bearing and repay on demand.

*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.

## NOTE 16 – COMMITMENT

The Company was committed to a management contract with a company that is controlled by the Chief Executive Officer. The contract requires payments of $60,000 per year. Fees are payable monthly and the contract expires on November 10, 2016.

During the period ended December 31, 2016 the contract was terminated and a termination fee of $30,000 was paid.