

Interim Financial Statements of  
(Unaudited and Unreviewed)

## **GRANIZ MONDAL INC.**

Six months period ended September 30, 2016 and 2015

# GRANIZ MONDAL INC.

Interim Financial Statements  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016

## Interim Financial Statements

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# GRANIZ MONDAL INC.

Interim Statements of Financial Position  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016

	September 30 2016	March 31 2016
<b>Assets</b>		
Current assets:		
Cash	\$ 20,382	\$ 17,231
Sales taxes receivable	1,192	478
Tax credit receivable	(34)	237
Prepaid expenses	3,443	3,443
<b>Total current assets</b>	<b>24,983</b>	<b>21,389</b>
Non-current assets:		
Computer equipment	2,029	2,029
Mining properties (Note 4)	378,354	370,036
Exploration and evaluation assets (Note 5)	274,960	274,960
<b>Total non-current assets</b>	<b>655,343</b>	<b>647,025</b>
<b>Total assets</b>	<b>\$ 680,326</b>	<b>\$ 668,414</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 92,544	\$ 75,438
Promissory notes (Note 6)	437,000	399,000
<b>Total current liabilities</b>	<b>529,544</b>	<b>474,438</b>
<b>Shareholders' Equity</b>		
Share capital (Note 7)	3,800,036	3,800,036
Contributed surplus	209,315	205,715
Deficit	(3,858,569)	(3,811,775)
<b>Total equity</b>	<b>150,782</b>	<b>193,976</b>
Nature of operations and going concern (Note 1)		
Commitments (Note 11)		
<b>Total liabilities and equity</b>	<b>\$ 680,326</b>	<b>\$ 668,414</b>

The notes are an integral part of these financial statements.

On behalf of the Board:

Signed Berthe Lambert, President and CEO

Signed Marie-Josée Têtu, Director of Finance

# GRANIZ MONDAL INC.

Interim Statements of Comprehensive Loss  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016

	Three-month period ended September 30		Six-month period ended September 30	
	2016	2015	2016	2015
Expenses:				
Professional fees	\$ 4,778	\$ 19,510	\$ 20,028	\$ 20,365
Transfer agent and filing fees	6,589	9,090	8,262	10,979
Consultant fees			–	–
Office and general	6,873	5,210	7,023	5,210
Share-based compensation	–	–	3,600	–
Loss before finance expense	(18,240)	(33,810)	(38,913)	(36,554)
Finance expense (Note 8)	(4,066)	(4,929)	(7,881)	(7,764)
Net loss and comprehensive loss	(22,306)	(37,839)	\$ (46,794)	\$(44,318)
Net loss per share, basic and diluted	(0.001)	(0.002)	\$ (0.002)	\$ (0.002)

The notes are an integral part of these financial statements.

# GRANIZ MONDAL INC.

Interim Statements of Changes in Equity  
(Unaudited and Unreviewed)

Six month period ended September 30, 2016 and 2015

	Share capital		Contributed surplus	Deficit	Total
	Number	Amount			
Balance at March 31, 2015	21,194,081	\$ 3,800,036	\$ 205,715	\$ (3,752,235)	\$ 253,516
Net loss and comprehensive loss	–	–	–	(44,318)	(44,318)
Balance at September 30, 2015	21,194,081	3,800,036	205,715	(3,796,553)	209,198
Balance At March 31, 2016	21,194,081	\$ 3,800,036	205,715	(3,811,775)	193,976
Shared-based compensation			3,600		3,600
Net loss and comprehensive loss	–	–		(46,794)	(46,794)
Balance at September 30, 2016	21,194,081	\$ 3,800,036	\$ 209,315	\$ (3,858,569)	\$ 150,782

The notes are an integral part of these financial statements.

# GRANIZ MONDAL INC.

Interim Statements of Cash Flows  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

	2016 Three months period ended September 30	2015 Three months period ended September 30	2016 Six months period ended September 30	2015 Six months period ended September 30
Cash flows used in operating activities: \$		\$	\$	\$
Net loss and comprehensive loss	(22,306)	(37,839)	(46,794)	(44,318)
Adjustments for:				
Finance expense				
Share-based compensation			3,600	
Impairment of mining properties				
Net change in working capital:				
Decrease in sales taxes receivable	1,619	22,722	(714)	22,722
Decrease in accounts payable and Accrued liabilities	(6,738)	8,332	17,106	10,449
Decrease in tax credit receivable		(3,652)	271	(3,258)
Interest paid				
	(27,425)	(10,437)	(26,531)	(14,405)
Cash flows used in financing activities:				
Issuance (reimbursement) of promissory notes				
Advance for Director :	38,000	20,000	38,000	20,000
Cash flows used in investing activities:				
Increase in exploration and evaluation assets				
Increase in mining properties	(3,327)		(8,318)	
Increase in computer equipment		(1,994)		(1,994)
	34,673	18,006	29,682	18,006
Net increase (decrease) in cash	7,248	7,569	3,151	3,601
Cash, beginning of year	13,134	18,083	17,231	22,051
Cash, end of year	20,382	25,652	20,382	25,652
Non-cash items:				
Addition of mining properties included in accounts payable	3,327		8,318	
Reduction of mining properties by tax credit receivable				
Capitalizations of interest on promissory notes as mining properties	3,327	3,327	6,618	6,618

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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Graniz Mondal Inc. (the "Company") was incorporated on May 5, 1995 under the *Business Corporations Act* (Alberta). On August 17, 2012, the Company changed its corporate jurisdiction into the *Canada Business Corporations Act*. The address of the Company's registered office is 2840, rue Marie-Laurence, Lévis, Québec, G6W 8J9. The Company holds interests in one mineral property located in Northern Québec, which is presently in the exploration stage, and has not yet determined whether the property contain reserves that are economically recoverable. The company holds also an option on a graphite deposit in the region of Mont-Laurier.

## 1. Nature of operations and going concern:

The Company has one mineral exploration property and has an option on the graphite deposit in the province of Québec. The Company is in the process of exploring and evaluating the mineral properties and projects and has not yet determined whether the properties and projects contain ore reserves that are economically recoverable. No revenue has been generated yet from its operating activities. The ability of the Company to meet its commitments as they become payable, including commitments relating to the acquisitions of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. As at September, 30, 2016, the Company has current assets totalling \$24,983 and current liabilities of \$529,544. The Company's intention has been to fund this shortfall through equity financing. Until a comeback of the graphite market, the management and the main shareholders intend to answer the cash need of the Company. While the Company is still working to secure this required financing, there is no certainty that it will be able to secure such financing. These conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and on the assumption of going concern. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicates the existence of a material uncertainty which may cast substantial doubt on the ability of the Company to continue as a going concern.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in the ordinary course of operations.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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## 2. Basis of preparation:

### Statement of compliance

The interim financial statements have been prepared according to IFRS and are in accordance with IAS 34. The accounting policies applied in these financial statements are based on IFRS issued and outstanding as at September 30, 2016.

These financial statements have been approved by the Board of Directors on November 21, 2016.

### Basis of measurement

The financial statements have been prepared on the historical cost basis.

### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3 and consists in the determination of capitalizable costs as exploration and evaluation assets and for the management to go or not in production in the future, with respect to refundable tax credits related to resources.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Notes 1, 3, 4 and 5 - recoverability of mining properties and exploration and evaluation assets;
- Notes 3 and 7 - estimation of the fair value of share-based payments;
- Note 3 - assessment of tax credits related to resources and credits on mining duties;
- Note 3 - recoverability of deferred tax assets.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies:

(a) Jointly controlled assets:

The Company holds interests in mining properties through joint operating agreements which constitute jointly controlled assets.

A jointly controlled asset involves joint control and offers joint ownership by the Company and other ventures of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through jointly controlled assets, the Company recognizes its share of the jointly controlled assets, and liabilities it has incurred, its share of liabilities incurred jointly with other ventures, and exploration and evaluation costs in the financial statements.

(b) Financial instruments:

Non-derivative financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company classified its cash as loans and receivables.

Financial liabilities

The Company classified its accounts payable and accrued liabilities and the promissory notes as financial liabilities at amortized cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(c) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as an increase to deficit, net of any tax effects.

(d) Fixed assets

Computer equipment is recorded at cost and subsequently, at cost less amortization and accumulated impairment losses. Amortization is based on their estimated life using the straight-line method at the rate of 33%.

The residual value, the estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimated being accounted for on a prospective basis. Amortization is recorded when the asset is ready to be used.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies (continued):

(e) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining exploration permits/claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Costs incurred include appropriate technical and administrative overhead.

Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(f) Impairment:

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies (continued):

(f) Impairment (continued):

Non-financial assets (continued)

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Finance expense:

Finance expense comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Interests paid are classified under operating activities in the statements of cash flows.

(i) Share-based compensation:

The grant date fair value of share-based compensation awards granted to employees and directors is recognized as a share-based payment expense, with a corresponding increase in contributed surplus, over the period during which the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies (continued):

(j) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated similarly to basic earnings per shares, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

(k) Refundable credit on mining duties and refundable tax credit related to resources:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statements of comprehensive loss, except to the extent that they relate to a business combination, or items recognized directly in equity. Therefore, when deferred taxes relate to equity items, a backward tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in unrecognized deferred tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in the recognition of deferred tax assets based on their expected maturity date.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regard to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies (continued):

- (l) Refundable credit on mining duties and refundable tax credit related to resources:

The Company is eligible for a refundable credit on mining duties under the *Mining Tax Act* (Québec). This refundable credit on mining duties is equal to 16% for year ended March 31, 2016 (15% before January 2012 and 12% before January 2011) applied to 50% of eligible expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining duties depends on management's intention to either go into production in the future, or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future. Accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets. Currently, it is management's intention to sell its mining properties in the future and, as such, credits on mining duties are recorded in compliance with IAS 20 as a government grant against exploration and evaluation assets.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 35% of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets and mining properties.

Credits related to resources and credit for mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They are recognized in profit or loss on a systematic basis over the useful life of the related assets.

- (m) New standard issued but not yet effective:

The following new standard has been issued but is not yet effective and therefore has not been applied in preparing these financial statements:

IAS 16 - Fixed Assets and IAS 38 - Intangible Assets

In May 2014, IASB issued an amendment to these standards. Entitled "Clarification of Acceptable Methods of Depreciation and Amortization", the amendment specifies that a revenue-based depreciation and amortization method can no longer be used. The depreciation and amortization method must reflect the consumption of the future benefits of an asset. The provisions of this amendment will apply retrospectively to the financial statements of fiscal years beginning on or after January 1, 2016. The amendment of these standards will have no impact on the Company's financial statements.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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### 3. Significant accounting policies (continued):

(m) New standard issued but not yet effective (continued):

#### IAS 7 - Statement of Cash Flows

In February 2016, IASB published amendments of limited scope to IAS 7 - Statement of Cash Flows to require that companies provide information concerning changes in their financing liabilities. The amendments will apply prospectively to fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The Company has not yet assessed the impact of this standard on its financial statements.

#### IAS 12 - Income Taxes

In January 2016, IASB published amendments to IAS 12 - Income Taxes on the accounting of future tax assets relating to unrealized losses. Essentially, these amendments aim to clarify when a future tax asset should be recognized in regard to an unrealized loss. These amendments will apply to the financial statements of fiscal years beginning on or after January 1, 2017. The Company has not yet assessed the impact of these amendments on its financial statements.

#### IFRS 9 - Financial Instruments

In July 2014, IASB issued IFRS 9 - Financial Instruments to replace IAS 39 on the classification and measurement of financial assets and liabilities, amortization and hedge accounting. This standard is retrospectively applicable to financial statements relating to fiscal years beginning on or after January 1, 2018. The Company has not yet assessed the impact of this standard on its financial statements.

#### IFRS 15 - Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 and IAS 11. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model, except for loan contracts, financial instruments and insurance contracts. This standard is retrospectively applicable on January 1, 2018. The Company will assess the impact of this new standard when it will recognize revenues from its ordinary activities.

#### IFRS 16 - Leases

This standard, issued in 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. It provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. However, lessor accounting remains largely unchanged in regard to IAS 17 and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard on its financial statements.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

## 4. Mining properties:

Mining properties are detailed as follows:

	March 31 2016	Acquisition	September 30. 2016
Mining Rights Troilus Project (a)	585	–	585
Intangible asset - optioned interest Mousseau West Project (b)	369,451	8,318	377,769
	\$ 370,036	\$ 8,318	\$ 378,354

### (a) Troilus South property:

The Company holds a 50% undivided interest in the Troilus South property located about 150 kilometers north of Chibougamau, Québec. The property was written-down during the year ended March 31, 2007.

### (b) Mousseau West property:

The Company has the option to earn a 75% undivided interest in the Mousseau West graphite property that is comprised of 12 mining claims covering a total of approximately 12 kilometers north of the town of Ste-Véronique (near Mont-Laurier), Québec (Note 11).

## 5. Exploration and evaluation assets:

Exploration and evaluation assets are detailed as follows:

	Mousseau West Project
March 31, 2016	\$ 274,960
Geological work	–
September 30, 2016	\$ 274,960

Exploration activity and geological work during the six-month period ended September 30, 2016 was brought at a standstill due to low price mineral commodities.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

## 6. Promissory notes:

	Sept 30, 2016	March 31, 2016
Promissory note due to a director, with interest accruing at 8% per annum, repayable in December 2015*	\$ 74,250	\$ 74,250
Promissory notes due to shareholders, with interest accruing at 8% per annum, repayable in December 2015*	90,750	90,750
Promissory note due to two directors, bearing interest at a rate of 6.5% per annum, repayable on demand**	200,000	62,000
Promissory notes due to a shareholder, bearing interest at a rate of 6.5% per annum, repayable on demand	72,000	172,000
	<u>\$ 437,000</u>	<u>\$ 399,000</u>

\* After a new agreement, the reimbursement of the promissory notes was deferred to December 2016.

\*\*During the period, to keep the Corporation in good standing, a director provided loans of 20,000\$ on August 1st 2016 and 18,000\$ on September 19 2016 for a total amount 38,000\$.

## 7. Share capital:

### (a) Share capital authorized:

An unlimited number of common shares, without par value

An unlimited number of first preferred shares

An unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

### (b) Share capital issued and outstanding:

	September 30 2016	March 31 2016
Issued at beginning and at end of year:		
21,194,081 common shares	\$ 3,800,036	\$ 3,800,036

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

## 7. Share capital (continued):

(c) Share options plan:

The Company has a share options plan under which options to purchase common shares may be granted by the Board of Directors to directors, officers and employees of the Company and private corporations for terms of up to ten years at a price normally equal to the closing price of the common shares on the day immediately preceding the date of grant. The maximum number of options available for grant under the plan is 10% of the issued and outstanding shares with no more than 5% granted to any one director. Options granted will vest immediately on being granted, unless the Board determines otherwise.

The table below presents a summary of the share options plan:

	September 30, 2016		March 31, 2016	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Outstanding, beginning of year	1,425,000	\$ 0.11	1,425,000	\$ 0.11
Granted	400,000	0.05	400,000	0.05
Cancelled	-	-	-	-
Outstanding, end of year	1,825,000	0.10	1,825,000	0.10

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

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$0.10	725,000	2.67 years	\$ 0.10	725,000	\$ 0.10
\$0.115	600,000	1.98 years	0.115	600,000	0.115
\$0.145	100,000	1.12 years	0.145	100,000	0.145
\$0.05	400,000	4.63 years	0.05	400,000	0.05
	1,825,000	2.79 years	\$ 0.096	1,825,000	\$ 0.096

During the six months ended September 30, 2016, 400,000 stock options were issued at \$0.05; no stock options were exercised nor expired.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
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Six months period ended September 30, 2016 and 2015

## 7. Share capital (continued):

(d) Loss per share:

The calculation of basic loss per share at September 30, 2016 was based on the net loss attributable to common shareholders, which corresponds to the net loss for the year of \$47,527 (2015 - \$44,318), and a weighted average number of common shares outstanding of 21,194,081 (2015 - 21,194,081).

The calculation of diluted loss per share at September 30, 2016 is the same as the basic loss per share as all options had anti-dilutive effect (same as at March 31, 2016).

## 8. Finance expense:

Finance expense is detailed as follows:

	Sept 30, 2016	Sept 30, 2015
Interest and bank charges	\$ 38	\$
Interest on promissory notes due to two directors	5,497	1,727
Interest on promissory notes due to a shareholder	2,346	6,037
Finance expense recognized in profit or loss	\$ 7,881	\$ 14,199

## 9. Financial instruments:

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to a credit risk consist of cash. Cash is maintained with high-credit, quality financial institutions.

(b) Interest rate risk:

Promissory notes bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

# GRANIZ MONDAL INC.

Notes to Interim Financial Statements: (Continued)  
(Unaudited and Unreviewed)

Six months period ended September 30, 2016 and 2015

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## 9. Financial instruments (continued):

### (c) Liquidity risk:

Management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and, even though the Company was successful in the past, there is no guarantee that it will succeed in the future. The accounts payable are due 30 days after the end of period. Promissory notes are due within 12 months (Note 1).

### (d) Fair value:

The fair value of cash, accounts payable and accrued liabilities and the promissory notes approximate their carrying amounts due to their short-term nature.

## 10. Capital disclosures:

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to continue its exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares. There is no dividend policy. The Company is not subject to externally imposed capital requirements.

The Company's management of capital remained unchanged since the last year.

## 11. Commitments:

### *Mousseau West property:*

On December 13, 2012, the Company signed an option agreement on the Mousseau West property which comprised 12 mining claims covering a total of approximately 489 hectares straddling the boundaries of Brunet and Mousseau Townships approximately 12 kilometers north of the town of Ste-Véronique, Québec. Under the terms of the agreement, signed in December 2012 and amended in November 2013, the Company will acquire a 75% interest in the property in exchange of promissory notes of \$165,000, the issuance of 2,000,000 common shares (issued on December 21, 2012) and 2,000,000 shares to be issued on the third anniversary in addition to a cash payment of \$50,000 on the third anniversary. The Company also undertook to spend \$200,000 in exploration work on or before the first anniversary and a further \$200,000 on or before the second anniversary (\$450,329 incurred). The sellers retain a 2% net smelter return (NSR) royalty. The Company also has an option to purchase the remaining 25% interest for \$4,500,000. In December 2015, the Company extended all of agreement's terms of December 2016.