Castle Resources Inc.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended June 30, 2017
(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Castle Resources Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

Castle Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at		June 30, 2017		September 30, 2016
Assets				
Current assets				
Cash	$	21,239	$	83,455
Amounts receivable		11,442		13,155
Prepaid expenses		7,920		5,841
Investments (Note 5)		7,818		651
Total current assets		48,419		103,102
Non-current assets				
Prepaid expenses		46,000		46,000
Equipment (Note 3)		3,739		4,571
Exploration and evaluation assets (Note 4)		44,051,480		43,998,578
Total assets	$	44,149,638	$	44,152,251
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 13)	$	857,790	$	851,641
Secured loan facility (Note 7)		510,383		374,084
Total current liabilities		1,368,173		1,225,725
Non-current liabilities				
Convertible debentures (Note 8)		12,637		12,637
Loans payable (Note 6)		2,640,280		2,410,588
Deferred tax liability		466,000		466,000
Convertible debenture conversion feature (Note 8)		80,000		80,000
Total liabilities		4,567,090		4,194,950
Shareholders' Equity				
Capital stock (Note 9)		53,709,388		53,709,388
Warrants reserve (Note 11)		200,882		200,882
Deficit		(14,327,722)		(13,952,969)
Total shareholders' equity		39,582,548		39,957,301
Total liabilities and shareholders' equity	$	44,149,638	$	44,152,251

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 12)

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

Castle Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Nine Months Ended June 30, 2017	Nine Months Ended June 30, 2016
Expenses				
Consulting and management fees	$ -	$ 3,068	**$ -**	$ 105,536
Professional fees	**10,726**	101,892	**31,686**	150,228
Office and general	**24,197**	18,094	**84,912**	57,321
Transfer agent and listing fees	**2,878**	17,957	**13,103**	32,831
Interest and financing fees	**90,648**	107,010	**266,371**	277,665
Depreciation	**277**	419	**832**	1,262
Loss before the undernoted	**(128,726)**	(248,440)	**(396,904)**	(624,843)
Interest income	**-**	18	**-**	18
Gain on settlement of debt	**-**	29,641	**14,985**	29,641
Loss on sale of investments	**-**	(322)	**-**	(4,294,455)
Unrealized (loss)gain investments	**(11,727)**	652	**7,166**	4,228,687
Net loss and comprehensive loss	**$ (140,453)**	$ (218,451)	**$ (374,753)**	$ (660,952)
Net loss per share - basic and diluted	**$ (0.02)**	$ (0.26)	**$ (0.05)**	$ (0.79)
Weighted average number of common shares outstanding - basic and diluted	**8,248,974**	838,776	**8,248,974**	838,776

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

Castle Resources Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock	Convertible Debentures	Share-based Payments Reserve	Warrants Reserve	Deficit	Total
Balance, September 30, 2015	$ 52,375,554	$ -	$ 39,860	$ 194,144	$ (13,173,381)	$ 39,436,177
Issuance of warrants	-	-	-	1,333,834	-	1,333,834
Stock options expired	-	-	(15,137)	-	15,137	-
Convertible debenture	-	14,351	-	6,738	-	21,089
Net loss for the period	-	-	-	-	(660,952)	(660,952)
Balance, June 30, 2016	**$ 52,375,554**	**$ 14,351**	**$ 24,723**	**$ 1,534,716**	**$ (13,819,196)**	**$ 40,130,148**
Balance, September 30, 2016	$ 53,709,388	$ -	$ -	$ 200,882	$ (13,952,969)	$ 39,957,301
Net loss for the period	-	-	-	-	(374,753)	(374,753)
Balance, June 30, 2017	**$ 53,709,388**	**$ -**	**$ -**	**$ 200,882**	**$ (14,327,722)**	**$ 39,582,548**

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

Castle Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the Nine Months Ended June 30,	2017	2016
Cash provided by (used in):		
Operating activities		
Net loss for the period	$ (374,753)	$ (660,952)
Items not affecting cash:		
Depreciation	832	1,262
Unrealized gain on investments	(7,166)	(4,228,687)
Loss on sale of investments	-	4,294,455
Gain on debt settlement	(14,985)	(29,641)
Interest and financing fees	266,371	217,391
Net change in non-cash working capital	(15,912)	364,630
Net cash flows (used in) provided by operating activities	(145,613)	(41,542)
Investing activities		
Proceeds on sale of investments	-	17,171
Exploration and evaluation assets	(52,902)	(162,645)
Net cash flows (used in) provided by investing activities	(52,902)	(145,474)
Financing activities		
Proceeds from convertible debentures	-	100,000
Debt issue cost	-	(6,520)
Loans payable	-	93,886
Secured loan facility	136,299	-
Net cash flows from financing activities	136,299	187,366
Net change in cash	(62,216)	350
Cash, beginning of period	83,455	7,214
Cash, end of period	$ 21,239	$ 7,564

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

1. Nature of Operations and Going Concern

Castle Resources Inc. (the "Company") was incorporated in Ontario, Canada on May 1, 2006. The Company's principal assets are exploration and evaluation assets ("E&E"), made up of acquisition costs and deferred exploration expenditures for mining properties which are not in commercial production. The Company is in the process of exploring its mining claims and has economically recoverable reserves. not yet determined whether or not the properties contain economically recoverable reserves

The Company's shares are listed on the Canadian Securities Exchange ("CSE"). The head office, principal address and records office of the Company are located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to complete additional financings, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. require a material write-down of the carrying values. Changes in future conditions could require a material write-down of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. Because of continuing operating losses and working capital deficiency, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. Management feels that there is a material uncertainty, which causes significant doubt about the Company's ability to continue as a going concern.

2. Accounting Policies

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2016.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2017.

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. Accounting Policies (Continued)

Basis of Presentation (Continued)

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Castle Resources Mexico, SA de C.V. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after October 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

<u>Adoption of New Accounting Standards</u>

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

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

IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Company adopted this standard, effective October 1, 2016 with no impact on its condensed interim consolidated financial statements.

<u>Future Accounting Standards</u>

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(Expressed in Canadian Dollars)

2. Basis of Presentation (Continued)

Recent Accounting Pronouncements (Continued)

Future Accounting Standards (Continued)

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted though management does not anticipate early adoption of the standard.

3. Equipment

Cost	**Office Furniture and Equipment**	**Computer Equipment**	**Computer Software**	**Total**
Balance, September 30, 2016	$ 17,002	$ 23,664	$ 12,657	$ 53,323
Additions	-	-	-	-
Balance, June 30, 2017	**$ 17,002**	**$ 23,664**	**$ 12,657**	**$ 53,323**
Accumulated Depreciation				
Balance, September 30, 2016	$ 12,987	$ 23,108	$ 12,657	$ 48,752
Depreciation	603	229	-	832
Balance, June 30, 2017	**$ 13,590**	**$ 23,337**	**$ 12,657**	**$ 49,584**
Carrying Value				
At June 30, 2017	**$ 3,412**	**$ 327**	**$ -**	**$ 3,739**

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

Exploration and evaluation assets consist of the following:

Granduc Claims, British Columbia, Canada

Balance, September 30, 2016	$ 43,998,578
Capitalized costs	52,902
Balance, June 30, 2017	**$ 44,051,480**
Balance, September 30, 2015	$ 43,820,703
Capitalized costs	162,645
Balance, June 30, 2016	**$ 43,983,348**

For a description of the Company's exploration and evaluation assets, see note 7 of the Company's September 30, 2016 audited consolidated financial statements.

5. Investments

	June 30, 2017		September 30, 2016	
	Number of Shares	**Value of Investments**	Number of Shares	Value of Investments
Zara Resources Inc.	**$ 130,294**	**$ 7,818**	$ 130,294	$ 651

6. Loans Payable

On July 14, 2010, the Company entered into a 5-year, non-revolving term loan facility in the principal amount of $2,200,000 with interest payable at the rate of 5% in the first 12 months and 9% in the following 48 months. The facility was repayable on July 14, 2015. The facility is secured against all of the Company's assets. The facility was subject to a 10% discount amounting to $220,000. As a result, total proceeds to the Company amounted to $1,980,000.

On November 7, 2014, the Company and the creditor agreed to the extension of the term of the loan facility for an additional two years, from its original 5 year term. As consideration of extending the term of the loan, the Company issued to the creditor an aggregate of 38,333 common share purchase warrants. Each warrant is exercisable into one common share at a price of $6.00 for a period of five years. In addition, the Company has agreed to an increase in the interest rate from 9% to 12% per annum for the two-year period between the original maturity date of July 14, 2015 and the new maturity date of July 14, 2017.

The estimated fair value of the 38,333 warrants of $32,050 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 102%, a risk-free interest rate of 1.52% and an expected life of 5 years. The value of the 38,333 warrants was recorded against the carrying value of the loan to be accreted over the remaining term of the loan.

On July 24, 2015, the Company entered into a non-revolving term loan facility in the principal amount of $75,000 with interest payable at 9%. The facility is repayable on July 14, 2017. In connection with this facility, the Company is required to issue to the creditor an aggregate amount of 13,295 common share purchase warrants. Each warrant is exercisable into one common share at a price of $6.00 for a period of two years. The estimated fair value of the 13,295 warrants of $570 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 268%, a risk-free interest rate of 0.43% and an expected life of 2 years.

During the nine months ended June 30, 2017, the Company recorded $229,692 (nine months ended June 30, 2016 - $208,737) in interest and financing fees related to these loans in the condensed interim consolidated consolidated financial statements of loss and comprehensive loss.

Debt Restructuring

On April 29, 2016, the loan facilities were assigned from the existing lender to Drake Private Investments, LLC ("Drake"). Drake agreed to extend the term of the loan facilities from July 14, 2017 to July 14, 2018. In addition, on May 2, 2016, Drake agreed to settle the outstanding interest balance as at March 15, 2016 of $1,333,834 in consideration for the issuance of 7,410,200 special warrants.

As at June 30, 2017, Drake owned 94% of the Company's issued and outstanding shares.

6. Loans Payable (Continued)

Debt Restructuring (Continued)

Accordingly, on May 2, 2016, the Company issued 7,410,200 special warrants. Each warrant is exercisable into one common share at a price of $0.18. The Special Warrants will be exercised automatically at any time after the Company completes a consolidation of its common shares of least one (1) new common share for every four (4) (maximum) existing common shares. On June 13, 2016, at the annual and special meeting of shareholders, the shareholders approved a share consolidation of 1 share for every 10 pre-consolidation shares outstanding. A fair value of the warrants of $1,338,834 was based on the value of the underlying interest forgiven.

In consideration for the Company's consent of the loan assignment, Drake agreed to the following terms and conditions:

- Extension of the term of the loan facility from July 14, 2017 to July 14, 2018;
- Agreement to provide the necessary funding to the Company to maintain the listing of its shares on the Canadian Securities Exchange until at the least the extended maturity date of the loan facility (unless in the event of a transaction where the Company would cease being a reporting issuer under applicable Canadian securities law, or upon the conclusion of arm's length mergers and financings by which the Company's share ownership is below 25%); and
- Propose a debt settlement to the existing unsecured creditors.

7. Secured Loan Facility

On May 20, 2016 the Company entered into a secured loan facility made available by Drake. Under the terms of the Loan, Drake made available to the Company a non-revolving credit facility in the principal amount of up to $500,000, which bears interest at a rate of 12% per annum, payable monthly. The loan is secured by a mortgage on the Granduc Project, and a charge on all of the assets of the Company. Advances under the loan are to be made available from time to time by Drake, at Drake's sole discretion, to settle specific operational obligations. The Loan is repayable upon the earlier of demand by Drake, or maturity on May 30, 2026. As at June 30, 2017, there is $35,665 available to be drawn down on this facility.

8. Convertible Debentures

On November 20, 2015, the Company completed a non-brokered private financing for total gross proceeds of $100,000. The financing consisted of the issuance of 100 units with each unit consisting of (i) one $1,000 unsecured convertible debenture bearing interest at a rate of 10% per annum and (ii) 2,000 detachable common share purchase warrants. Drake acquired ownership of all of the 100 units.

The convertible debentures become due and payable on October 31, 2020. All or any portion of the outstanding principal amount of the convertible debentures will be convertible into common shares of the Company at the option of the holder at a conversion price of $0.25 per common share at any time prior to October 31, 2020 (the "Principal Conversion"). Interest on the principal amount of the convertible debentures shall be due in quarterly instalments on March 31, June 30, September 30 and December 31. All or any portion of the outstanding interest payments will be convertible into common shares at the option of the holder on any interest payment date, and at the option of the Company upon any Principal Conversion, at a conversion price equal to the greater of the closing price of the common shares on the CSE on the last trading day of the applicable interest period or $0.25 (the "Interest Conversion").

(Expressed in Canadian Dollars)

8. Convertible Debentures (Continued)

Each of the detachable common share purchase warrant shall entitle the holder to acquire one common share at a price of $0.25 per common share until October 31, 2020 . Accordingly, the Company issued an aggregate amount of 200,000 common share purchase warrants. The estimated fair value of the 200,000 warrants of $7,207 was estimated using the Black- Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 132%, a risk-free interest rate of 0.94% and an expected life of 5 years.

Upon initial recognition, the estimated fair value of the conversion feature was $83,000. The value of the conversion feature was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 192%, a risk-free interest rate of 0.94% and an expected life of 5 years. As at June 30, 2017, the value of the conversion feature was estimated to be $80,000 using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 300%, a risk-free interest rate of 0.54% and an expected life of 3.6 years.

9. Capital Stock

Authorized: Unlimited number of common shares, without par value
Unlimited number of preferred shares

Common shares issued:

	Number of Shares	Amount
Balance, September 30, 2015 and June 30, 2016	838,774	$ 52,375,554
Balance, September 30, 2016 and June 30, 2017	**8,248,974**	**$ 53,709,388**

10. Share-based Payment Reserve

The Company has an incentive stock option plan (the “Plan”) whereby the Company can grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company’s issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding capital stock increases. Options granted under the Plan vest immediately pending any regulatory hold period.

The Plan provides that it is solely within the discretion of the Board to determine who receives stock options and in what amounts. In no case (calculated at the time of grant) shall the Plan result in:

- The number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company.
- The number of options granted in any 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- The aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

(Expressed in Canadian Dollars)

10. Share-based Payment Reserve (Continued)

The following table reflects the continuity of stock options for the nine months ended June 30, 2017 and 2016:

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2016 and June 30, 2017	**-**	**-**
Balance, September 30, 2015	6,583	$15.00
Expired	(2,500)	($15.00)
June 30, 2016	**4,083**	**$15.00**

11. Warrants

The following table reflects the continuity of warrants for the nine months ended June 30, 2017 and 2016:

	Number of Warrants	Amount
Balance, September 30, 2016 and June 30, 2017	**405,000**	**$ 200,882**
Balance, September 30, 2015	**205,000**	**$ 194,144**
Warrants issued	200,000	7,207
Warrant issue cost	-	(469)
Warrants issued on debt settlement	7,410,200	1,333,834
Balance, June 30, 2016	**7,815,200**	**$ 1,534,716**

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value
November 7, 2019	$ 6.00	2.35 years	38,333	$ 32,050
November 29, 2019	$ 15.00	2.41 years	166,667	162,094
October 31, 2020	$ 0.25	3.34 years	200,000	6,738
	$ 6.86	2.86 years	405,000	$ 200,882

12. Commitments and Contingencies

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-Through Expenditure Commitment

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder should the Company not meet its expenditure commitments. Included in accounts payable and accrued liabilities as at September 30, 2016 and June 30, 2017 is a provision for $67,000 which is the estimated commitment under the indemnity provided to the flow-through subscribers as a result of a flow-through spending shortfall in 2015.

Legal Proceedings

The Company is party to legal proceedings in the ordinary course of its operations. The Company believes these claims to be without merit. Management does not expect the outcome of these proceedings to have a materially adverse effect on the results of the Company's financial position or results of operations.

The Company has been named as a defendant in a claim made by a vendor regarding the payment of outstanding amounts owing to the vendor relating to certain services. The plaintiff is seeking payment in the amount of $127,496 plus costs and an unspecified amount of damages. The outcome of this action cannot be ascertained at this time and results of legal proceedings cannot be predicted with certainty.

Management has accrued its best estimate of the potential liabilities that may result from the above claims. Should any losses be incurred from the resolution of these claims in excess of the amounts accrued, they will be charged to operations in the year that they are determined.

(Expressed in Canadian Dollars)

13. Related Party Transactions

These consolidated financial statements include balances and transactions with directors and officers of the Company and corporations related to them. The Company paid fees for services to certain officers and directors or companies controlled by certain officers and directors during the period that were recorded in the accounts shown below:

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

Key Management Compensation

Remuneration of directors and officers included in administrative expenses are as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	**2017**	2016
Consulting and management fees	**$ 18,506**	$ 11,250	**$ 52,157**	$ 72,648

Included in accounts payable and accrued liabilities as at June 30, 2017 is $117,834 (September 30, 2016 - $115,335) payable to current and prior directors and officers of the Company. These amounts are unsecured, non- interest bearing with no fixed terms of repayment.

As at June 30, 2017, the Company is indebted to Drake, a majority shareholder of the Company, by means of Loans payable, a secured loan facility, and convertible debenture amounting to $2,640,280 (September 30, 2016 - $2,410,588) and $510,383 (September 30, 2016 - $374,084), and $92,637 (September 30, 2016 - $92,637) respectively.