

**SWIFT RESOURCES INC.**

Financial Statements

For the Years Ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Swift Resources Inc.

We have audited the accompanying financial statements of Swift Resources Inc., which comprise the statements of financial position as at June 30, 2016 and 2015 and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Swift Resources Inc. as at June 30, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Swift Resources Inc.'s ability to continue as a going concern.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

October 25, 2016

**SWIFT RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian Dollars)**

	Note	June 30, 2016	June 30, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 5,625	\$ 6,979
Receivable		3,013	-
<b>Total assets</b>		<b>\$ 8,638</b>	<b>\$ 6,979</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 332,554	\$ 323,053
Due to related parties	5	149,759	35,309
Loans payable	6	16,422	16,422
Total liabilities		498,735	374,784
<b>Shareholders' deficiency</b>			
Share capital	7	3,826,505	3,826,505
Shares subscribed		31,000	20,000
Equity reserves	7	549,684	549,684
Deficit		(4,897,286)	(4,763,994)
Total shareholders' deficiency		(490,097)	(367,805)
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 8,638</b>	<b>\$ 6,979</b>

**Nature and continuance of operations and going concern** (Note 1)  
**Subsequent events** (Note 12)

**Authorized and approved by the Board of Directors on October 25, 2016**

\_\_\_\_\_  
*"Peter Berdusco"*  
 Director

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*"Dean Humphreys"*  
 Director

*The accompanying notes are an integral part of these financial statements.*

**SWIFT RESOURCES INC.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**

	Note	Year ended June 30,	
		2016	2015
<b>OPERATING EXPENSES</b>			
Accounting and audit	5	\$ 41,740	\$ 33,760
Consulting	5	30,000	24,000
Filing and regulatory fees		6,823	7,760
Insurance		-	288
Legal fees		4,340	1,768
Management fees	5	84,000	31,000
Office and administration		1,771	9,454
Rent		-	24,485
Transfer agent		2,558	6,801
		(171,232)	(139,316)
Gain on extinguishment of accounts payable		37,940	36,688
Write-off of exploration and evaluation assets	4	-	(8,810)
<b>Loss and comprehensive loss for the year</b>		<b>\$ (133,292)</b>	<b>\$ (111,438)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>6,561,034</b>	<b>6,179,084</b>

*The accompanying notes are an integral part of these financial statements.*

**SWIFT RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**

	<b>Year ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (133,292)	\$ (111,438)
Items not involving cash		
Gain on settlement of accounts payable	(37,940)	(36,688)
Write-off of exploration and evaluation assets	-	8,810
Changes in non-cash working capital		
Receivables	(3,013)	1,995
Prepaid expenses	-	2,287
Due to related parties	114,450	(63,046)
Accounts payable and accrued liabilities	27,441	154,260
Net cash used in operating activities	<u>(32,354)</u>	<u>(43,820)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation asset expenditures	-	(2,700)
Recovery of reclamation deposits	-	3,500
Net cash provided by investing activities	<u>-</u>	<u>800</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares subscribed	31,000	10,000
Proceeds from loan	-	16,422
Net cash provided by financing activities	<u>31,000</u>	<u>26,422</u>
<b>Change in cash</b>	<b>(1,354)</b>	<b>(16,598)</b>
<b>Cash, beginning of year</b>	<b>6,979</b>	<b>23,577</b>
<b>Cash, end of year</b>	<b>\$ 5,625</b>	<b>\$ 6,979</b>

Supplemental disclosure with respect to cash flows (Note 10)

*The accompanying notes are an integral part of these financial statements.*

**SWIFT RESOURCES INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**  
**(Expressed in Canadian Dollars)**

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Shares Subscribed</b>	<b>Equity Reserves</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance – June 30, 2014</b>	<b>2,892,304</b>	<b>\$ 3,679,756</b>	<b>\$ 10,000</b>	<b>\$ 549,684</b>	<b>\$ (4,652,556)</b>	<b>\$ (413,116)</b>
Shares issued for settlement of debt	3,668,730	146,749	-	-	-	146,749
Shares subscribed	-	-	10,000	-	-	10,000
Loss for the year	-	-	-	-	(111,438)	(111,438)
<b>Balance – June 30, 2015</b>	<b>6,561,034</b>	<b>3,826,505</b>	<b>20,000</b>	<b>549,684</b>	<b>(4,763,994)</b>	<b>(367,805)</b>
Shares subscribed	-	-	11,000	-	-	11,000
Loss for the year	-	-	-	-	(133,292)	(133,292)
<b>Balance – June 30, 2016</b>	<b>6,561,034</b>	<b>\$ 3,826,505</b>	<b>\$ 31,000</b>	<b>\$ 549,684</b>	<b>\$ (4,897,286)</b>	<b>\$ (490,097)</b>

*The accompanying notes are an integral part of these financial statements.*

**SWIFT RESOURCES INC.**  
**Notes to the Financial Statements**  
**For the Years ended June 30, 2016 and 2015**  
**(Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN**

Swift Resources Inc. (the “Company”) is a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company was incorporated on September 21, 2006 under the Laws of British Columbia. The Company’s head office address is Suite 510 – 580 Hornby Street, Vancouver, British Columbia V6C 3B6 and registered office address is 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the NEX under the symbol “SWR”.

The Company’s financial statements are presented in Canadian dollars, unless otherwise stated, which is the functional currency.

*Going concern of operations*

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations.

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

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. The Company has financed its activities through the issuance of equity securities and debt financing. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining. To date, the Company has not earned any revenues. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

**2. BASIS OF PREPARATION**

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The significant accounting policies applied in these financial statements are based on the IFRS issued and effective as of June 30, 2016.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**2. BASIS OF PREPARATION (cont'd)**

**Estimates and judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- 1) the amount of deferred taxes.

*Critical accounting judgments*

Examples of significant judgments, apart from those involving estimation, include:

- the accounting policies for exploration and evaluation assets; and
- classification of financial instruments.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Exploration and evaluation assets**

*Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

*Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Exploration and evaluation assets (cont'd)**

*Exploration and evaluation expenditures (cont'd)*

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

**Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

**Impairment of tangible and intangible assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Share-based payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services rendered.

**Warrants issued in equity financing transactions**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

**Flow-through shares**

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Loss per share**

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

**Financial instruments**

*Financial assets*

The Company classifies its financial assets into one of the following categories based on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified as at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

*Available for sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial assets as follows:

- Cash is classified as FVTPL.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial instruments (cont'd)**

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss*

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities*

This category includes amounts due to related parties and accounts payable, all of which are recognized at amortized cost.

The Company has classified its financial liabilities which consisted of accounts payable and accrued liabilities, due to related parties and loans payable as other liabilities.

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account.

When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**SWIFT RESOURCES INC.**  
**Notes to the Financial Statements**  
**For the Years ended June 30, 2016 and 2015**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**New accounting standards and interpretations not yet effective**

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

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

Effective (proposed) for annual periods beginning on or after January 1, 2019:

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single leases accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

**4. EXPLORATION AND EVALUATION ASSETS**

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by undetected defects.

	Alberni
<b>Balance at June 30, 2014</b>	<b>\$ 8,810</b>
Write-off of exploration and evaluation assets	(8,810)
<b>Balance at June 30, 2015 and June 30, 2016</b>	<b>\$ -</b>

**SWIFT RESOURCES INC.**  
**Notes to the Financial Statements**  
**For the Years ended June 30, 2016 and 2015**  
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**4. EXPLORATION AND EVALUATION ASSETS (cont'd)**

**Alberni Property, British Columbia**

On October 15, 2012, the Company entered into an agreement with Crossfire Ventures Ltd. (related through a common director and a former director) (the "Vendor") to acquire two mineral claim tenures in the Nanaimo Mining Division in British Columbia for consideration of \$42,263 (the "Transaction"), being the Vendor's out-of-pocket costs directly related to the Alberni Property. The Transaction was required to close on or before June 30, 2013. The transaction was not closed and the Company has decided not to pursue the transaction. Accordingly, during the year ended June 30, 2015, the Company wrote off the exploration and evaluation assets in the amount of \$8,810.

**5. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2016, the Company incurred the following charges with related parties that include officers, directors, key management or companies with common directors of the Company as follows:

- a) Paid or accrued management fees of \$84,000 (2015 - \$31,000) to a company controlled by a director and officer of the Company.
- b) Paid or accrued consulting fees of \$Nil (2015 - \$24,000) to a company controlled by a former director of the Company.
- c) Paid or accrued accounting fees of \$30,000 (2015 - \$20,500) to an accounting firm where a director and officer of the Company is a partner.
- d) At June 30, 2016, the Company owed \$85,050 (2015 - \$2,100) to a company controlled by a director and officer of the Company for management fees and \$37,275 (2015 - \$5,775) to a director and officer of the Company for accounting fees. During the year ended June 30, 2015, the directors and officers assigned \$164,605 of debt to various parties, whereby \$27,434 was assigned to a director and officer of the Company as at June 30, 2016 (2015 - \$27,434). The amounts owing to related parties bear no interest, are unsecured and payable on demand.

**6. LOANS PAYABLE**

During the year ended June 30, 2015, the Company received a loan from a company controlled by a director of the Company for \$9,422. The loan is non-interest bearing, unsecured, and has no specific terms of repayment. Subsequent to June 30, 2016, \$4,000 of the loan was settled in shares in a private placement (note 12).

During the year ended June 30, 2015, the Company received a loan from a third party for \$7,000. The loan is non-interest bearing, unsecured, and has no specific terms of repayment. Subsequent to June 30, 2016, the full amount of the loan was settled in shares in a private placement (note 12).

**7. SHARE CAPITAL**

Authorized: Unlimited common shares without par value

During the year ended June 30, 2015, the Company entered into debt settlement agreements with certain creditors and settled aggregate debts of \$183,437 by the issuance of 3,668,730 common shares of the Company at \$0.04 per share, resulting in a gain on debt settlement of \$36,688.

There were no shares issued during the year ended June 30, 2016.

**SWIFT RESOURCES INC.**  
**Notes to the Financial Statements**  
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**7. SHARE CAPITAL (cont'd)**

**Share purchase options**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years and vest as determined by the board of directors.

A summary of the Company's outstanding share purchase options as at June 30, 2016 and the changes during the year are presented below:

	Number of Options	Weighted Average Exercise Price
Balance - June 30, 2014	70,000	\$ 1.36
Expired	<u>(14,000)</u>	2.80
Balance - June 30, 2015	56,000	\$ 1.00
Expired	<u>(8,000)</u>	1.00
Outstanding and exercisable – June 30, 2016	<u>48,000</u>	<u>\$ 1.00</u>

As at June 30, 2016, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
38,000	\$1.00	August 10, 2016*
<u>10,000</u>	\$1.00	December 8, 2016
<u>48,000</u>		

*\*Subsequently expired unexercised.*

The weighted average remaining life of the options outstanding at June 30, 2016 was 0.18 years (2015 - 1.17 years).

**8. FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in shareholders' deficiency as 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. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at June 30, 2016, the Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

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**8. FINANCIAL INSTRUMENTS (cont'd)**

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2016, the Company had cash balances of \$5,625 (2015 - \$6,979) and current liabilities of \$498,735 (2015 - \$374,784). The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions. The majority of the Company's cash is held with major Canadian based financial institutions. Receivables are comprised of goods and services tax from the Canadian government.

d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

e) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposit issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company does not hold any financial liabilities with variable interest rates.

f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its exploration and evaluation assets and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

g) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities;

*Level 2* – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

*Level 3* – Inputs that are not based on observable market data.

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**8. FINANCIAL INSTRUMENTS (cont'd)**

g) Fair value (cont'd)

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of the Company's financial instruments is equal to their carrying values due to the short-term nature of these instruments.

**9. SEGMENTED INFORMATION**

The Company currently conducts substantially all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the year ended June 30, 2016 were as follows:

- a) Reclassified \$20,000 in shares subscribed to accounts payable.

The significant non-cash transactions for the year ended June 30, 2015 were as follows:

- b) Included in exploration and evaluation assets is \$1,241 which relates to accounts payable and accrued liabilities.  
c) Entered into debt settlement agreements with certain creditors and settled aggregate debts of \$183,437 by the issuance of 3,668,730 common shares of the Company.

**11. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss before income taxes	\$ (133,292)	\$ (111,438)
Expected tax recovery	\$ (35,000)	\$ (29,000)
Change in statutory rates and other	13,000	-
Permanent difference	(10,000)	(9,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(8,000)	-
Change in unrecognized deductible temporary differences	<u>40,000</u>	<u>38,000</u>
Total income tax expense (recovery)	\$ -	\$ -

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**11. INCOME TAXES (cont'd)**

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2015	2015
Deferred tax assets		
Exploration and evaluation assets	\$ 38,000	\$ 38,000
Share issue costs	-	-
Non-capital losses available for future period	<u>741,000</u>	<u>701,000</u>
	779,000	739,000
Unrecognized deferred tax assets	<u>(779,000)</u>	<u>(739,000)</u>
Net deferred tax assets	\$ -	\$ -

Tax attributes are subject to review, and potential adjustment, by tax authorities.

The Company has non-capital losses of approximately \$2,851,000 which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2036. Subject to certain restrictions, the Company has further resource development and exploration expenditures totalling approximately \$145,000 available to reduce taxable income of future years and not subject to expiry.

As at June 30, 2016, the Company had approximately \$131,000 in unexpended exploration expenditures relating to the fiscal 2011 flow-through share issuances, resulting in a liability of \$84,351. Management believes, given the circumstances, no other potential liability will occur to the Company.

**12. SUBSEQUENT EVENTS**

Subsequent to the year ended June 30, 2016, the Company:

- a) Completed a non-brokered private placement of 8,377,566 units (each, a "Unit"), at a price of \$0.05 per Unit, for total consideration of \$418,878. In exchange for the units, the Company settled \$341,878 in debt, \$11,000 in loans payable, \$31,000 in shares subscribed and received \$35,000 in cash. Each Unit consists of one common share of the Company, and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$0.075 per share for a period of twelve months.
- b) Entered into a letter of intent effective September 7, 2016 (the "LOI"), pursuant to which the Company has agreed to acquire all of the outstanding share capital of Romanex Guyana Exploration Ltd. ("Romanex"), an arm's length party (the "Transaction"). Romanex is a privately held mineral exploration company incorporated under the laws of the Republic of Guyana. Romanex holds a one-hundred (100%) percent interest in the Marudi Mountain Mining License (the "Property") located in Guyana. The Company paid a total of \$25,000 USD in relation to the LOI.

In connection with the transaction, the Company intends to complete a private placement financing for proceeds of up to \$3,000,000. Subsequent to the year end, \$20,000 in proceeds were received.

- c) Entered into a loan with a related party for \$18,000 which was repaid to the Company.
- d) Received \$20,000 in share subscriptions in relation to a private placement.