

**DECADE RESOURCES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements 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 financial statements.

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
October 31, 2016 and April 30, 2016  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                                                                  | October 31,<br><u>2016</u> | April 30,<br><u>2016</u> |
|------------------------------------------------------------------|----------------------------|--------------------------|
| <b>ASSETS</b>                                                    |                            |                          |
| Current assets                                                   |                            |                          |
| Cash                                                             | \$ 42,691                  | \$ 192                   |
| Sales tax receivable                                             | 15,140                     | 1,792                    |
| Accounts receivable – Notes 5 and 7                              | 33,646                     | 189                      |
| Prepaid expenses – Note 7                                        | <u>7,267</u>               | <u>3,467</u>             |
| Total current assets                                             | <u>98,744</u>              | <u>5,640</u>             |
| Non-current assets                                               |                            |                          |
| Reclamation deposits                                             | 39,051                     | 39,051                   |
| Property and equipment – Note 4                                  | 200,900                    | 210,302                  |
| Exploration advances – Note 7                                    | 88,000                     | 1,000                    |
| Exploration and evaluation assets – Notes 5 and 7 and Schedule 1 | <u>9,848,465</u>           | <u>9,599,873</u>         |
| Total non-current assets                                         | <u>10,176,416</u>          | <u>9,850,226</u>         |
| Total assets                                                     | <u>\$ 10,275,160</u>       | <u>\$ 9,855,866</u>      |
| <b>LIABILITIES</b>                                               |                            |                          |
| Current liabilities                                              |                            |                          |
| Accounts payable and accrued liabilities – Note 7                | \$ 521,718                 | \$ 1,160,002             |
| Non-current liabilities                                          |                            |                          |
| Deferred tax liabilities                                         | <u>841,000</u>             | <u>841,000</u>           |
| Total liabilities                                                | <u>1,362,718</u>           | <u>2,001,002</u>         |
| <b>SHAREHOLDERS' EQUITY</b>                                      |                            |                          |
| Share capital – Note 6                                           | 17,629,948                 | 16,451,611               |
| Contributed surplus                                              | 1,641,501                  | 1,545,501                |
| Deficit                                                          | <u>(10,359,007)</u>        | <u>(10,142,248)</u>      |
| Total shareholders' equity                                       | <u>8,912,442</u>           | <u>7,854,864</u>         |
| Total liabilities and shareholders' equity                       | <u>\$ 10,275,160</u>       | <u>\$ 9,855,866</u>      |

APPROVED ON BEHALF OF THE BOARD

"Ed Kruchkowski"

Director

"Randy Kasum"

Director

*The accompanying notes form an integral part of these condensed interim financial statements*

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
For the three and six months ended October 31, 2016 and 2015  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                                               | Three months ended<br>October 31, |                    | Six months ended<br>October 31, |                    |
|-----------------------------------------------|-----------------------------------|--------------------|---------------------------------|--------------------|
|                                               | <u>2016</u>                       | <u>2015</u>        | <u>2016</u>                     | <u>2015</u>        |
| General and administrative expenses           |                                   |                    |                                 |                    |
| Accounting and audit fees                     | \$ 5,250                          | \$ 3,760           | \$ 9,950                        | \$ 6,860           |
| Consulting fees – Note 7                      | 9,000                             | 9,000              | 18,000                          | 18,000             |
| Depreciation                                  | 4,701                             | 6,535              | 9,402                           | 13,070             |
| Filing fees                                   | 3,479                             | 3,779              | 5,279                           | 5,129              |
| Interest and bank charges                     | 61                                | 117                | 166                             | 234                |
| Legal fees                                    | 4,705                             | 2,049              | 27,074                          | 6,284              |
| Management fees – Note 7                      | 12,000                            | 12,000             | 24,000                          | 24,000             |
| Office and telephone                          | 4,842                             | 2,497              | 9,679                           | 5,402              |
| Property taxes                                | -                                 | 2,739              | 4,115                           | 3,989              |
| Shareholder communications                    | 6,500                             | 11,919             | 6,500                           | 27,314             |
| Share-based payments – Notes 6 & 7            | 21,000                            | -                  | 96,000                          | -                  |
| Transfer agent fees                           | <u>3,570</u>                      | <u>1,424</u>       | <u>6,594</u>                    | <u>3,381</u>       |
| Loss before other item                        | (75,108)                          | (55,819)           | (216,759)                       | (113,663)          |
| Other item                                    |                                   |                    |                                 |                    |
| Gain on sale of property and equipment        | <u>-</u>                          | <u>38,915</u>      | <u>-</u>                        | <u>38,915</u>      |
| Net and comprehensive loss                    | <u>\$ (75,108)</u>                | <u>\$ (16,904)</u> | <u>\$ (216,759)</u>             | <u>\$ (74,748)</u> |
| Basic and diluted loss per share              | <u>\$ (0.00)</u>                  | <u>\$ (0.00)</u>   | <u>\$ (0.00)</u>                | <u>\$ (0.00)</u>   |
| Weighted average number of shares outstanding | <u>83,916,321</u>                 | <u>63,634,605</u>  | <u>79,368,815</u>               | <u>63,634,605</u>  |

*The accompanying notes form an integral part of these condensed interim financial statements*

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the six months ended October 31, 2016 and 2015  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                                                          | <u>2016</u>      | <u>2015</u>      |
|----------------------------------------------------------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                              |                  |                  |
| Net loss                                                 | \$ (216,759)     | \$ (74,748)      |
| Add items not affecting cash:                            |                  |                  |
| Depreciation                                             | 9,402            | 13,070           |
| Gain on sale of property and equipment                   | -                | (38,915)         |
| Share-based payments                                     | <u>96,000</u>    | <u>-</u>         |
|                                                          | (111,357)        | (100,593)        |
| Changes in working capital items related to operations:  |                  |                  |
| Sales tax receivable                                     | (13,348)         | 43,121           |
| Accounts receivable                                      | -                | (800)            |
| Prepaid expenses                                         | (3,800)          | 35,233           |
| Accounts payable and accrued liabilities                 | <u>(52,769)</u>  | <u>(18,336)</u>  |
|                                                          | <u>(181,274)</u> | <u>(41,375)</u>  |
| <b>FINANCING ACTIVITIES</b>                              |                  |                  |
| Shares issued for cash                                   | 600,000          | -                |
| Share issue costs                                        | <u>(7,178)</u>   | <u>-</u>         |
|                                                          | <u>592,822</u>   | <u>-</u>         |
| <b>INVESTING ACTIVITIES</b>                              |                  |                  |
| Proceeds on sale of property and equipment               | -                | 55,000           |
| Exploration advances                                     | (87,000)         | -                |
| Exploration and evaluation assets                        | <u>(282,049)</u> | <u>(19,474)</u>  |
|                                                          | <u>(369,049)</u> | <u>35,526</u>    |
| Change in cash                                           | 42,499           | (5,849)          |
| Cash, beginning                                          | <u>192</u>       | <u>19,747</u>    |
| Cash, ending                                             | <u>\$ 42,691</u> | <u>\$ 13,898</u> |
| <b>Supplemental disclosure of cash flow information:</b> |                  |                  |
| Cash paid for:                                           |                  |                  |
| Interest                                                 | <u>\$ -</u>      | <u>\$ -</u>      |
| Income taxes                                             | <u>\$ -</u>      | <u>\$ -</u>      |

Non-cash Transactions – Note 9

*The accompanying notes form an integral part of these condensed interim financial statements*

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the six months ended October 31, 2016 and 2015  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                                  | Share Capital     |                      |                     |                        | Total Shareholders' Equity |
|----------------------------------|-------------------|----------------------|---------------------|------------------------|----------------------------|
|                                  | Number of Shares  | Amount               | Contributed Surplus | Deficit                |                            |
| Balance at April 30, 2015        | 63,634,605        | \$ 16,451,611        | \$ 1,545,501        | \$ (8,202,996)         | \$ 9,794,116               |
| Net and comprehensive loss       | —                 | —                    | —                   | (74,748)               | (74,748)                   |
| Balance at October 31, 2015      | <u>63,634,605</u> | <u>\$ 16,451,611</u> | <u>\$ 1,545,501</u> | <u>\$ (8,277,744)</u>  | <u>\$ 9,719,368</u>        |
| Balance at April 30, 2016        | 63,634,605        | \$ 16,451,611        | \$ 1,545,501        | \$ (10,142,248)        | \$ 7,854,864               |
| For cash:                        |                   |                      |                     |                        |                            |
| Private placement at \$0.07      | 8,571,428         | 600,000              | -                   | -                      | 600,000                    |
| Shares issued for debt at \$0.05 | 11,710,288        | 585,515              | -                   | -                      | 585,515                    |
| Less: share issue costs          | -                 | (7,178)              | -                   | -                      | (7,178)                    |
| Share-based payments             | -                 | -                    | 96,000              | -                      | 96,000                     |
| Net and comprehensive loss       | —                 | —                    | —                   | (216,759)              | (216,759)                  |
| Balance at October 31, 2016      | <u>83,916,321</u> | <u>\$ 17,629,948</u> | <u>\$ 1,641,501</u> | <u>\$ (10,359,007)</u> | <u>\$ 8,912,442</u>        |

*The accompanying notes form an integral part of these condensed interim financial statements*

**DECADE RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
October 31, 2016  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

Note 1      Corporate Information

Decade Resources Ltd. (the “Company”) is an exploration stage company incorporated on March 3, 2006, under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “DEC”.

The Company’s head office and principal business address is 611 – 8<sup>th</sup> Street, Box 211, Stewart, British Columbia, Canada, V0T 1W0.

Note 2      Basis of Preparation

**a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the years ended April 30, 2016 and 2015.

These condensed interim financial statements were authorized for issue on December 30, 2016 by the directors of the Company.

**b) Basis of Measurement**

These condensed interim financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 2     Basis of Preparation – (cont'd)**c) Going Concern**

At October 31, 2016, the Company has not generated revenue from operations, has an accumulated deficit of \$10,359,007, has a working capital deficiency of \$422,974 and expects to incur further costs in the exploration and evaluation of its mineral properties. These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been able to fund operations and mineral property exploration through equity financings. The continued uncertainty in the financial equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 2      Basis of Preparation – (cont'd)**d) Critical Accounting Estimates and Judgements**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the Company's financial statements within the next financial year are discussed below:

i. Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii. Title to Mineral Properties

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

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 2     Basis of Preparation – (cont'd)

**d) Critical Accounting Estimates and Judgements – (cont'd)**

iii. Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

iv. Share-Based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

v. Recognition of Deferred Income Tax Assets and Liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 3      Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements, unless otherwise indicated.

a) ***Financial Instruments***

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts receivable and accounts payable. Management has classified financial assets and liabilities as follows:

**Financial Assets**

The Company has classified its cash at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated 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 documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

The Company has classified its accounts receivable as loans and receivables. Loans and receivable are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

**Financial Liabilities**

The Company has classified its account payable as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 3      Significant Accounting Policies – (cont'd)

a) ***Financial Instruments – (cont'd)***

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

b) ***Mineral Exploration and Evaluation Expenditures***

Pre-Exploration Costs

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

Exploration and Evaluation Costs

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. 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 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 transferee 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.

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 the statement of comprehensive loss.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 3      Significant Accounting Policies – (cont'd)

b) ***Mineral Exploration and Evaluation Expenditures*** – (cont'd)

Exploration and Evaluation Costs – (cont'd)

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.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) ***Government Grants***

From time to time the Company receives government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense. In the event the investment tax credits received are less than the accrued amount claimed, the difference will be reflected in profit or loss or credited against exploration and evaluation assets in the year in which it is determined.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 3      Significant Accounting Policies – (cont'd)d) ***Property and Equipment***

Property and equipment are recorded at historical cost, being the purchase price and directly attributed cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property and equipment is subsequently measured at cost less accumulated depreciation, less accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is provided for based on the estimated useful lives of the assets using the declining balance method and at the following rates:

|                         |     |
|-------------------------|-----|
| Building                | 5%  |
| Computer equipment      | 30% |
| Furniture and fixtures  | 20% |
| Machinery and equipment | 20% |
| Vehicles                | 30% |

The Company provides depreciation at one-half the above rates in the year of acquisition.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 3      Significant Accounting Policies – (cont'd)

e) ***Basic and Diluted Loss Per Share***

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing the loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share. Potentially dilutive common shares related to warrants and options outstanding were not included in the computation of loss per share because their effect was anti-dilutive.

f) ***Income Taxes***

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

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

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 3      Significant Accounting Policies – (cont'd)g) ***Share-based Payments***

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes Option Pricing Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

h) ***Flow-through Shares***

The Company will, from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. The equity portion is measured at the market value and the residual is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the "premium" the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate).

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 3     Significant Accounting Policies – (cont'd)i) ***Provisions***Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As of October 31, 2016 and April 30, 2016, the Company does not have any restoration and environmental obligations.

Other Provisions

Provisions are recognized for liabilities that have arisen as a result of past transactions, including legal or constructive obligations, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

j) ***Impairment of Assets***

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of comprehensive income (loss) for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 3      Significant Accounting Policies – (cont'd)

j) ***Impairment of Assets*** – (cont'd)

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

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k) ***Accounting Standards and Amendments Issued But Not Yet Effective***

*The following standards were adopted effective May 1, 2016 and management does not expect a significant impact on the Company's financial statements:*

***IAS 1 Presentation of Financial Statements*** – In December 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial statements by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

***IAS 16 Property, Plant and Equipment*** and ***IAS 38 Intangible Assets*** – In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 3      Significant Accounting Policies – (cont'd)

k) ***Accounting Standards and Amendments Issued But Not Yet Effective – (cont'd)***

*The following standards will be adopted effective May 1, 2018:*

***IFRS 15 Revenue from Contracts with Customers*** - In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

***IFRS 9 Financial Instruments*** - The IASB will replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements for fiscal 2019 or whether to early adopt any of the new requirements.

**Decade Resources Ltd.**  
Notes to the Condensed Interim Financial Statements  
October 31, 2016  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

**Note 4      Property and Equipment**

| <b>Cost</b>                     | <u>Land</u>      | <u>Building</u>   | <u>Computer<br/>Equipment</u> | <u>Furniture<br/>and<br/>Fixtures</u> | <u>Machinery<br/>and<br/>Equipment</u> | <u>Vehicles</u>   | <u>Total</u>      |
|---------------------------------|------------------|-------------------|-------------------------------|---------------------------------------|----------------------------------------|-------------------|-------------------|
| Balance April 30, 2015          | \$ 69,695        | \$ 131,297        | \$ 6,177                      | \$ 12,911                             | \$ 68,997                              | \$ 186,017        | \$ 475,094        |
| Disposals                       | <u>(13,006)</u>  | <u>-</u>          | <u>-</u>                      | <u>-</u>                              | <u>-</u>                               | <u>(25,250)</u>   | <u>(38,256)</u>   |
| Balance April 30, 2016          | <u>\$ 56,689</u> | <u>\$ 131,297</u> | <u>\$ 6,177</u>               | <u>\$ 12,911</u>                      | <u>\$ 68,997</u>                       | <u>\$ 160,767</u> | <u>\$ 436,838</u> |
| Balance October 31, 2016        | <u>\$ 56,689</u> | <u>\$ 131,297</u> | <u>\$ 6,177</u>               | <u>\$ 12,911</u>                      | <u>\$ 68,997</u>                       | <u>\$ 160,767</u> | <u>\$ 436,838</u> |
| <b>Accumulated depreciation</b> |                  |                   |                               |                                       |                                        |                   |                   |
| Balance April 30, 2015          | \$ -             | \$ 28,511         | \$ 4,584                      | \$ 6,963                              | \$ 39,106                              | \$ 141,497        | \$ 220,661        |
| Disposals                       | -                | -                 | -                             | -                                     | -                                      | (19,459)          | (19,459)          |
| Depreciation                    | <u>-</u>         | <u>5,140</u>      | <u>476</u>                    | <u>1,192</u>                          | <u>5,976</u>                           | <u>12,550</u>     | <u>25,334</u>     |
| Balance April 30, 2016          | <u>\$ -</u>      | <u>\$ 33,651</u>  | <u>\$ 5,060</u>               | <u>\$ 8,155</u>                       | <u>\$ 45,082</u>                       | <u>\$ 134,588</u> | <u>\$ 226,536</u> |
| Balance April 30, 2016          | \$ -             | \$ 33,651         | \$ 5,060                      | \$ 8,155                              | \$ 45,082                              | \$ 134,588        | \$ 226,536        |
| Depreciation                    | <u>-</u>         | <u>2,442</u>      | <u>166</u>                    | <u>476</u>                            | <u>2,392</u>                           | <u>3,926</u>      | <u>9,402</u>      |
| Balance October 31, 2016        | <u>\$ -</u>      | <u>\$ 36,093</u>  | <u>\$ 5,226</u>               | <u>\$ 8,631</u>                       | <u>\$ 47,474</u>                       | <u>\$ 138,514</u> | <u>\$ 235,938</u> |
| <b>Net book value</b>           |                  |                   |                               |                                       |                                        |                   |                   |
| Balance April 30, 2016          | <u>\$ 56,689</u> | <u>\$ 97,646</u>  | <u>\$ 1,117</u>               | <u>\$ 4,756</u>                       | <u>\$ 23,915</u>                       | <u>\$ 26,179</u>  | <u>\$ 210,302</u> |
| Balance October 31, 2016        | <u>\$ 56,689</u> | <u>\$ 95,204</u>  | <u>\$ 951</u>                 | <u>\$ 4,280</u>                       | <u>\$ 21,523</u>                       | <u>\$ 22,253</u>  | <u>\$ 200,900</u> |

During the year ended April 30, 2016, the Company sold a parcel of land and four vehicles for proceeds of \$58,001 resulting in a gain on disposal of \$39,204.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 5      Exploration and Evaluation Assets

The Company's exploration and evaluation assets are described below. Also refer to Schedule 1 attached to the end of these condensed interim financial statements.

a) ***Silver Crown***

By an option agreement dated December 1, 2006 and an amending agreement dated November 1, 2008, the Company has the option to acquire a 100% interest in the Silver Crown Property, which consists of one mineral claim situated in the Skeena Mining Division in the Province of British Columbia. The property is subject to a 2% net smelter return royalty. Consideration to earn the 100% interest is as follows:

*Cash payments:*

- i) \$10,000 to be paid on the execution of this letter agreement (paid);
- ii) a further \$15,000 to be paid on or before November 17, 2007 (paid);
- iii) a further \$45,000 to be paid on or before November 17, 2009 (paid);
- iv) a further \$30,000 to be paid on or before November 17, 2010 (paid).

*Common share issuances:*

- i) 20,000 common shares (issued); and
- ii) an additional 40,000 common shares on or before November 17, 2010 (issued).

*Exploration expenditures:*

- i) \$100,000 before December 31, 2007 (incurred);
- ii) \$300,000 in aggregate before December 31, 2008 (incurred); and
- iii) \$1,500,000 in aggregate on or before December 31, 2016.

On January 9, 2012, the Company paid an extension fee of \$10,000 to the optionor and the parties agreed on an amendment of the terms of the exploration expenditures commitment contained in the original option agreement. During the year ended April 30, 2015, the Company and the optionor agreed to further extend the exploration expenditures date to December 31, 2015. During the year ended April 30, 2016 the Company and the optionor agreed to further extend the exploration expenditures date to December 31, 2016.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 5     Exploration and Evaluation Assets – (cont'd)

b) ***Red Cliff***

On October 28, 2008, the Company entered into an option agreement with Mountain Boy Minerals Ltd. (“Mountain Boy”), a public company with directors in common with the Company, to acquire a 60% interest in the Red Cliff property located 25 miles north of Stewart, British Columbia. In order to earn the 60% interest the Company was required to incur exploration expenditures on the property of \$1,250,000 over three years. The Company incurred all the required exploration expenditures to earn its 60% interest and entered into a joint venture agreement with Mountain Boy to operate the property on a 60/40 joint venture basis.

At October 31, 2011, the Company was informed by Mountain Boy that it would not be funding its share of the Red Cliff exploration expenditures and thereby would have its interest diluted under the formula set out in the joint venture agreement. As at October 31, 2011, the Company was owed \$548,285 in exploration expenditures by Mountain Boy. Effective November 1, 2011, Mountain Boy agreed to dilute its interest in the Red Cliff property by 5% in lieu of the \$435,785 and consequently the Red Cliff joint venture is now run on a 65/35 joint venture basis.

During the year ended April 30, 2016, the Company charged \$189 in exploration expenditures to Mountain Boy.

During the six months ended October 31, 2016, the Company charged \$83,457 in exploration expenditures to Mountain Boy.

At October 31, 2016, Mountain Boy owed the Company \$33,646 (April 30, 2016: \$189) in exploration expenditures which is included in accounts receivable.

c) ***Wedeeene***

The Company had a 100% interest in 158 mineral claims located near Kitimat, British Columbia.

During the year ended April 30, 2016, the Company abandoned the Wedeeene claims and recorded a write-off of exploration and evaluation assets of \$2,440,367.

d) ***Goat***

On January 28, 2010, the Company purchased a 100% interest in three mineral claims known as the Goat claims located north of Stewart, British Columbia for \$55,000 and 50,000 common shares.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 5      Exploration and Evaluation Assets – (cont'd)

f) ***Bow #1***

On October 11, 2013, the Company entered into an agreement with a company with directors in common with the Company to purchase an 80% interest in the Bow #1 and Bow extension mineral claims located in the Skeena Mining District of British Columbia for \$280,000 of which \$59,900 is included in accounts payable and accrued liabilities at October 31, 2016 (April 30, 2016: \$86,000). The Company has until October 11, 2017 to pay the remaining balance.

The property is subject to a 3% net smelter return royalty on mineral products removed from the property, being reduced to a 1% net smelter return upon having paid a sum of \$600,000 pursuant to the royalty.

g) ***Slider***

On January 26, 2015, the Company acquired 11 mineral claims known as the Slider claims situated in the Skeena Mining Division in the Province of British Columbia for \$10,000.

h) ***PCU Claims***

On September 19, 2016, the Company staked 6 mineral claims known as the PCU claims situated in the Skeena Mining Division in the Province of British Columbia for \$13,029.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

Note 6      Share Capital

a) ***Authorized:***

Unlimited number of common shares without par value.

b) ***Issued:***

Six Months Ended October 31, 2016:

On May 30, 2016, the Company issued 11,710,288 common shares to settle indebtedness of \$585,515, of which \$580,864 was included in accounts payable and accrued liabilities at April 30, 2016. Of the total amount settled, \$546,667 was due to related parties.

On June 28, 2016, the Company issued 8,571,428 common shares pursuant to a private placement of 8,571,428 flow-through units at \$0.07 per unit for proceeds of \$600,000. Each unit contained one flow-through common share and one non-flow through share purchase warrant entitling the holder to purchase an additional common share at \$0.10 until June 28, 2018. No finders' fees were paid in connection with the private placement. There was no flow-through premium on this private placement.

Year Ended April 30, 2016:

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

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 6      Share Capital – (cont'd)c) **Commitments:***Share Purchase Warrants:*

At October 31, 2016, the Company had 15,153,428 share purchase warrants outstanding entitling the holders the right to purchase one common share for each warrant held as follows:

| <u>Number of<br/>Warrants</u> | <u>Exercise<br/>Price</u> | <u>Expiry Date</u>   |
|-------------------------------|---------------------------|----------------------|
| 4,320,000                     | \$0.115                   | December 16, 2016    |
| 1,624,000                     | \$0.15                    | December 23, 2016    |
| 638,000                       | \$0.15                    | December 29, 2016    |
| <u>8,571,428</u>              | <u>\$0.10</u>             | <u>June 28, 2018</u> |
| <u>15,153,428</u>             |                           |                      |

At October 31, 2016, the outstanding share purchase warrants had a weighted average remaining contractual life of 1.01 years.

A summary of share purchase warrant activity for the six months ended October 31, 2016 and for the year ended April 30, 2016 is presented below:

|                                  | <u>Six months ended<br/>October 31,<br/>2016</u> |                                                    | <u>Year ended<br/>April 30,<br/>2016</u> |                                                    |
|----------------------------------|--------------------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------------------|
|                                  | <u>Warrants</u>                                  | <u>Weighted<br/>Average<br/>Exercise<br/>Price</u> | <u>Warrants</u>                          | <u>Weighted<br/>Average<br/>Exercise<br/>Price</u> |
| Outstanding, beginning of period | 10,274,308                                       | \$0.13                                             | 11,787,942                               | \$0.13                                             |
| Issued                           | 8,571,428                                        | \$0.10                                             | -                                        | -                                                  |
| Expired                          | <u>(3,692,308)</u>                               | <u>\$0.14</u>                                      | <u>(1,513,634)</u>                       | <u>\$0.10</u>                                      |
| Outstanding, end of period       | <u>15,153,428</u>                                | <u>\$0.11</u>                                      | <u>10,274,308</u>                        | <u>\$0.13</u>                                      |

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 6      Share Capital – (cont'd)c) **Commitments:** – (cont'd)*Share-based Compensation Plan:*

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of grant. The exercise price of options granted under the Plan may not be less than the market value of the Company’s common shares on the date of grant. Options granted under the Plan have a maximum life of five years and vest on the date of grant or over periods determined by management.

On May 13, 2016, the Company granted 1,500,000 stock options to directors, officers and consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.06 until May 13, 2021. The fair value of the stock options of \$75,000 or \$0.05 per option was determined using the Black Scholes option valuation model with the following assumptions:

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|                           |         |
|---------------------------|---------|
| Risk-free interest rate   | 1.38%   |
| Expected life of options  | 5 years |
| Annualized volatility     | 129%    |
| Dividend rate             | 0%      |
| Forfeiture rate           | 0%      |
| Share price on grant date | \$ 0.06 |

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On August 18, 2016, the Company granted 300,000 stock options to a consultant of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$0.085 until August 18, 2017. The fair value of the stock options of \$21,000 or \$0.07 per option was determined using the Black Scholes option valuation model with the following assumptions:

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|                           |         |
|---------------------------|---------|
| Risk-free interest rate   | 0.85%   |
| Expected life of options  | 1 year  |
| Annualized volatility     | 182%    |
| Dividend rate             | 0%      |
| Forfeiture rate           | 0%      |
| Share price on grant date | \$ 0.10 |

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**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 6     Share Capital – (cont'd)c) **Commitments:** – (cont'd)*Share-based Compensation Plan - (cont'd):*

At October 31, 2016, the Company had 5,800,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

| <u>Number of<br/>Options</u> | <u>Exercise<br/>Price</u> | <u>Expiry Date</u>     |
|------------------------------|---------------------------|------------------------|
| 4,000,000                    | \$0.08                    | February 23, 2020      |
| 1,500,000                    | \$0.06                    | May 13, 2021           |
| <u>300,000</u>               | <u>\$0.085</u>            | <u>August 18, 2017</u> |
| <u>5,800,000</u>             |                           |                        |

A summary of stock option activity for the six months ended October 31, 2016 and for the year ended April 30, 2016 is presented below:

|                                               | <u>Number</u>    | <u>Weighted<br/>Average<br/>Exercise<br/>Price</u> | <u>Weighted<br/>Average<br/>Remaining<br/>Contractual<br/>Life</u> |
|-----------------------------------------------|------------------|----------------------------------------------------|--------------------------------------------------------------------|
| Outstanding and exercisable, April 30, 2015   | <u>4,390,000</u> | <u>\$0.14</u>                                      | 4.52 years                                                         |
| Outstanding and exercisable, April 30, 2016   | 4,390,000        | \$0.14                                             | 3.52 years                                                         |
| Expired                                       | (390,000)        | \$0.75                                             |                                                                    |
| Granted                                       | <u>1,800,000</u> | <u>\$0.06</u>                                      |                                                                    |
| Outstanding and exercisable, October 31, 2016 | <u>5,800,000</u> | <u>\$0.08</u>                                      | 3.51 years                                                         |

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 7      Related Party Transactions

The Company incurred the following charges by directors of the Company, by companies with directors in common with the Company and by companies managed by directors of the Company for the six months ended October 31, 2016 and 2015:

|                                              | <u>2016</u>       | <u>2015</u>      |
|----------------------------------------------|-------------------|------------------|
| Consulting fees                              | \$ 18,000         | \$ 18,000        |
| Exploration and evaluation assets – drilling | 170,975           | -                |
| Management fees                              | 24,000            | 24,000           |
| Share-based payments                         | <u>52,500</u>     | <u>-</u>         |
|                                              | <u>\$ 265,475</u> | <u>\$ 42,000</u> |

At October 31, 2016, accounts receivable includes \$33,646 (April 30, 2016: \$189) due from a public company having directors in common with the Company.

At October 31, 2016, prepaid expenses includes \$6,400 (April 30, 2016: \$Nil) paid to companies with directors in common with the Company for management fees.

At October 31, 2016, exploration advances includes \$88,000 (April 30, 2016: \$1,000) paid to a director of the Company, to companies with directors in common with the Company and to a company managed by a director of the Company.

At October 31, 2016, accounts payable and accrued liabilities includes \$130,332 (April 30, 2016: \$683,449) due to companies with directors in common with the Company and to a company managed by directors of the Company.

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management compensation

The Company considers its Chief Executive Officer and Chief Financial Officer to be key management. During the six months ended October 31, 2016 and 2015, the Company incurred the following key management charges.

|                      | <u>2016</u>      | <u>2015</u>      |
|----------------------|------------------|------------------|
| Management fees      | \$ 24,000        | \$ 24,000        |
| Share-based payments | <u>45,000</u>    | <u>-</u>         |
|                      | <u>\$ 69,000</u> | <u>\$ 24,000</u> |

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)**Note 8    Financial Instruments and Risk Management**

The carrying amounts of financial assets and liabilities approximate their 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.

The Company's financial instruments consist of cash, accounts receivable and accounts payable. Cash has been classified as FVTPL. Accounts receivable are classified as loans and receivables. Accounts payable are classified as other financial liabilities.

The fair value of the Company's cash was measured using level one of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivable are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with large financial institutions.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's considers its exposure to interest rate risk to be not significant.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. When future cash flows are uncertain, the liquidity risk increases.

**Decade Resources Ltd.**

Notes to the Condensed Interim Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)Note 8 Financial Instruments and Risk Management – (cont'd)Liquidity Risk – (cont'd)

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The Company prepares monthly operating expenditure budgets, which are regularly monitored and updated as considered necessary. At October 31, 2016, the Company has a working capital deficiency of \$422,974. The Company intends to meet its current obligations through funds to be raised via the private placement of shares and through related party loans.

Note 9 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

*For the six months ended October 31, 2016:*

- The Company issued 11,710,288 common shares at \$0.05 per share to settle debts of \$585,515.
- The Company recorded accounts receivable of \$33,457 as a cost recovery of exploration and evaluation assets from its joint venture partner on the Red Cliff property.

Note 10 Subsequent Event

On December 28, 2016, the Company issued 1,668,333 common shares pursuant to a private placement of 1,668,333 flow-through units at \$0.06 per unit for proceeds of \$100,100. Each unit contained one flow-through common share and one non-flow through share purchase warrant entitling the holder to purchase an additional common share at \$0.08 until December 28, 2018. No finders' fees were paid in connection with the private placement. There was no flow-through premium on this private placement.

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM SCHEDULE OF EXPLORATION AND EVALUATION ASSETS**  
for the six months ended October 31, 2016  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                            | <u>Silver<br/>Crown</u> | <u>Red Cliff</u>    | <u>PCU Claims</u> | <u>Goat</u>       | <u>Bow #1</u>       | <u>Slider</u>    | <u>Total</u>        |
|----------------------------|-------------------------|---------------------|-------------------|-------------------|---------------------|------------------|---------------------|
| Property acquisition costs |                         |                     |                   |                   |                     |                  |                     |
| Balance, April 30, 2016    | \$ 178,000              | \$ 435,785          | \$ -              | \$ 107,500        | \$ 280,000          | \$ 10,000        | \$ 1,011,285        |
| Cash paid                  | -                       | -                   | 13,029            | -                 | -                   | -                | 13,029              |
| Balance, October 31, 2016  | <u>178,000</u>          | <u>435,785</u>      | <u>13,029</u>     | <u>107,500</u>    | <u>280,000</u>      | <u>10,000</u>    | <u>1,024,314</u>    |
| Deferred exploration costs |                         |                     |                   |                   |                     |                  |                     |
| Balance, April 30, 2016    | 556,857                 | 8,126,794           | -                 | 191,238           | 2,355,248           | -                | 11,230,137          |
| Assays                     | -                       | 5,036               | -                 | -                 | 4,224               | -                | 9,260               |
| Drilling – Note 7          | -                       | 121,555             | -                 | -                 | 49,420              | -                | 170,975             |
| Equipment rental           | -                       | 1,712               | -                 | -                 | -                   | -                | 1,712               |
| Field and supplies         | -                       | 63,104              | -                 | -                 | 7,426               | -                | 70,530              |
| Geological                 | -                       | 5,775               | -                 | -                 | 7,475               | -                | 13,250              |
| Helicopter                 | -                       | 2,771               | -                 | -                 | -                   | -                | 2,771               |
| Labour                     | -                       | 38,496              | -                 | -                 | 12,026              | -                | 50,522              |
| Balance, October 31, 2016  | <u>556,857</u>          | <u>8,365,243</u>    | <u>-</u>          | <u>191,238</u>    | <u>2,435,819</u>    | <u>-</u>         | <u>11,549,157</u>   |
| Cost recoveries            |                         |                     |                   |                   |                     |                  |                     |
| Balance, April 30, 2016    | (70,251)                | (2,571,298)         | -                 | -                 | -                   | -                | (2,641,549)         |
| Joint venture – Note 5     | -                       | (83,457)            | -                 | -                 | -                   | -                | (83,457)            |
| Balance, October 31, 2016  | <u>(70,251)</u>         | <u>(2,654,755)</u>  | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>         | <u>(2,725,006)</u>  |
| Totals                     | <u>\$ 664,606</u>       | <u>\$ 6,146,273</u> | <u>\$ 13,029</u>  | <u>\$ 298,738</u> | <u>\$ 2,715,819</u> | <u>\$ 10,000</u> | <u>\$ 9,848,465</u> |

**DECADE RESOURCES LTD.**  
**CONDENSED INTERIM SCHEDULE OF EXPLORATION AND EVALUATION ASSETS**  
for the year ended April 30, 2016  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

|                            | <u>Silver<br/>Crown</u> | <u>Red Cliff</u>    | <u>Wedeeene</u> | <u>Goat</u>       | <u>Bow #1</u>       | <u>Slider</u>    | <u>Total</u>        |
|----------------------------|-------------------------|---------------------|-----------------|-------------------|---------------------|------------------|---------------------|
| Property acquisition costs |                         |                     |                 |                   |                     |                  |                     |
| Balance, April 30, 2015    | \$ 178,000              | \$ 435,785          | \$ 231,500      | \$ 107,500        | \$ 280,000          | \$ 10,000        | \$ 1,242,785        |
| Cash paid                  | -                       | -                   | -               | -                 | -                   | -                | -                   |
| Write-off – Note 5         | -                       | -                   | (231,500)       | -                 | -                   | -                | (231,500)           |
| Balance, April 30, 2016    | <u>178,000</u>          | <u>435,785</u>      | <u>-</u>        | <u>107,500</u>    | <u>280,000</u>      | <u>10,000</u>    | <u>1,011,285</u>    |
| Deferred exploration costs |                         |                     |                 |                   |                     |                  |                     |
| Balance, April 30, 2015    | 556,857                 | 8,126,253           | 2,208,868       | 191,238           | 2,333,595           | -                | 13,416,811          |
| Assays                     | -                       | -                   | -               | -                 | 27                  | -                | 27                  |
| Drilling                   | -                       | -                   | -               | -                 | -                   | -                | -                   |
| Equipment rental           | -                       | -                   | -               | -                 | 1,572               | -                | 1,572               |
| Field and supplies         | -                       | 541                 | -               | -                 | 18,458              | -                | 18,999              |
| Geological                 | -                       | -                   | -               | -                 | -                   | -                | -                   |
| Labour                     | -                       | -                   | -               | -                 | 1,596               | -                | 1,596               |
| Supervision                | -                       | -                   | -               | -                 | -                   | -                | -                   |
| Write-off – Note 5         | -                       | -                   | (2,208,868)     | -                 | -                   | -                | (2,208,868)         |
| Balance, April 30, 2016    | <u>556,857</u>          | <u>8,126,794</u>    | <u>-</u>        | <u>191,238</u>    | <u>2,355,248</u>    | <u>-</u>         | <u>11,230,137</u>   |
| Cost recoveries            |                         |                     |                 |                   |                     |                  |                     |
| Balance, April 30, 2015    | (70,251)                | (2,571,109)         | -               | -                 | -                   | -                | (2,641,360)         |
| Joint venture – Note 5     | -                       | (189)               | -               | -                 | -                   | -                | (189)               |
| Balance, April 30, 2016    | <u>(70,251)</u>         | <u>(2,571,298)</u>  | <u>-</u>        | <u>-</u>          | <u>-</u>            | <u>-</u>         | <u>(2,641,549)</u>  |
| Totals                     | <u>\$ 664,606</u>       | <u>\$ 5,991,281</u> | <u>\$ -</u>     | <u>\$ 298,738</u> | <u>\$ 2,635,248</u> | <u>\$ 10,000</u> | <u>\$ 9,599,873</u> |