Sunvest Minerals Corp.

Condensed Interim Consolidated Financial Statements

For the period ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instruments 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Sunvest Minerals Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	December 31, 2016	June 30, 2016
Assets		**$**	$
Current assets			
Cash		**776,760**	58,888
Other receivables and prepaid expenses		**323,542**	13,358
		1,100,302	72,246
Exploration and evaluation assets	6	**651,937**	-
Total assets		**1,752,239**	72,246
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	**121,057**	139,284
Convertible debentures	7	**-**	54,014
		121,057	193,298
Shareholders' equity (deficit)			
Share capital	8	**6,971,965**	4,870,382
Reserves		**1,414,664**	1,092,742
Deficit		**(6,752,970)**	(6,081,699)
		1,633,659	(118,575)
Non-controlling interest		**(2,477)**	(2,477)
Total shareholders' equity (deficit)		**1,631,182**	(121,052)
Total liabilities and shareholders' equity (deficit)		**1,752,239**	72,246

Nature of operations (note 1)
Subsequent events (note 13)

Approved on Behalf of the Board of Directors:

/s/ Mike England
Director

/s/ John Masters
Director

Sunvest Minerals Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three Months Ended		**Six Months Ended**	
	December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
EXPENSES	**$**	$	**$**	$
Consulting fees (Note 10)	**91,812**	5,000	**181,216**	5,000
Finance cost (Note 7)	**(1,230)**	19,473	**(11,844)**	38,945
Gain on settlement of accounts payable	**-**	-	-	(7,990)
General and administration (Note 10)	**68,509**	721	**90,985**	1,021
Investor relations	**106,216**	1,219	**119,475**	3,700
Professional fees	**43,932**	12,861	**62,682**	19,639
Regulatory and filing fees	**31,130**	6,406	**45,057**	7,182
Share-based compensation (Note 9 and 10)	**75,300**	-	**183,700**	-
Net loss for the period	**(415,669)**	(45,680)	**(671,271)**	(67,497)
Net loss attributable to				
Owners of the Company	**(415,669)**	(45,680)	**(671,271)**	(67,497)
Non-controlling interest	**-**	-	-	-
Net loss and comprehensive loss for the period	**(415,669)**	(45,680)	**(671,271)**	(67,497)
Basic and diluted loss per share	**($0.02)**	($0.01)	**($0.03)**	($0.02)
Weighted average shares outstanding – basic and diluted	**26,280,350**	3,117,667	**19,569,310**	3,071,077

See accompanying notes to the condensed interim consolidated financial statements

Sunvest Minerals Corp.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		Attributable to the owners of the Company						
			Reserves					
	Shares	Share capital	Contributed surplus	Convertible debenture equity component	Deficit	Total for owners	NCI	Total equity (deficit)
	#	$	$	$	$	$	$	$
Balance at June 30, 2015	3,024,735	4,460,759	1,032,194	50,248	(4,974,545)	568,656	(2,477)	566,179
Share issuance – convertible debt	65,178	16,597	-	-	-	16,597	-	16,597
Private placement								
Gross proceeds	100,000	50,000	-	-	-	50,000	-	50,000
Finder's fee	-	(600)	-	-	-	(600)	-	(600)
Private placement cost	-	(4,773)	-	-	-	(4,773)	-	(4,773)
Net loss for the period	-	-	-	-	(67,497)	(67,497)	-	(67,497)
Balance at December 31, 2015	3,189,913	4,521,983	1,032,194	50,248	(5,042,042)	562,383	(2,477)	559,906

Balance at June 30, 2016	10,539,911	4,870,382	1,042,494	50,248	(6,081,699)	(118,575)	(2,477)	(121,052)
Share issuance – private placements, net	14,454,182	1,957,211	-	-	-	1,957,211	-	1,957,211
Share issuance costs	-	(107,299)	-	-	-	(107,299)	-	(107,299)
Finder's warrants issued	-	(140,900)	140,900	-	-	-	-	-
Share-based payments	-	-	183,700	-	-	183,700	-	183,700
Share issuance – warrants exercised	-	30,888	(328)	-	-	30,560	-	30,560
Share issuance – options exercised	-	8,350	(2,350)	-	-	6,000	-	6,000
Shares issued for evaluation and exploration assets	2,033,333	353,333	-	-	-	353,333	-	353,333
Net loss for the period	-	-	-	-	(671,271)	(671,271)	-	(671,271)
Balance at December 31, 2016	27,027,426	6,971,965	1,364,416	50,248	(6,752,970)	1,633,659	(2,477)	(1,631,182)

See accompanying notes to the condensed interim consolidated financial statements

Sunvest Minerals Corp.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Six Months Ended	
	December 31, 2016	December 31, 2015
Cash flows from operating activities	$	$
Net loss for the period	(671,271)	(67,497)
Items not affecting cash:		
Financing costs	-	16,597
Convertible debenture – accretion expense (recovery)	(11,844)	22,348
Share-based compensation	183,700	-
Change in non-cash operating working capital:		
Increase in accounts receivable and prepaid expenses	(310,184)	(7,456)
Increase in accounts payable and accruals	(6,383)	(27,988)
Cash flows used in operating activities	(815,982)	(63,996)
Cash flows from financing activities		
Proceeds from private placements, gross	1,957,211	50,000
Share issuance cost	(107,299)	(5,373)
Options exercised	6,000	-
Warrants exercised	30,560	-
Repayment of convertible debt	(54,014)	-
Cash flows provided by financing activities	1,832,458	44,627
Cash flows from investing activity		
Acquisition and expenditures for exploration and evaluation assets	(298,604)	(167,934)
Cash flows used in investing activity	(298,604)	(167,934)
Increase (decrease) in cash	717,872	(187,303)
Cash – beginning of period	58,888	192,224
Cash – end of period	776,760	4,921

Supplemental cash flow information		
Fair value of options exercised	2,350	-
Fair value of warrants exercised	328	-
Exploration and evaluation assets – share issuance	353,333	-
Share issuance costs – finder’s warrants	140,900	-

1 Nature of operations

Sunvest Minerals Corp. (the "Company") was incorporated as Minati Capital Corp. under the *Business Corporations Act* (British Columbia), on January 8, 2008. The Company is listed on the TSX Venture Exchange (the "Exchange") formerly under the symbol SRK. On November 21, 2014, the Company changed its name to Strike Diamond Corp. from Strike Graphite Corp. On March 15, 2016, the Company consolidated its share capital on a ten for one basis and changed its name to Sunvest Minerals Corp. and its trading symbol to SSS. These financial statements reflect the share consolidation (Note 8).

The Company is in the exploration stage and is in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

The address of the Company's corporate office and principal place of business is Suite 1000 – 409 Granville Street, Vancouver BC, V6C 1T2, Canada.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at December 31, 2016, the Company had not advanced its exploration and evaluation assets to commercial production. At December 31, 2016, the Company has not achieved profitable operations, has accumulated losses of $6,752,970 (June 30, 2016 - $6,081,699) since inception and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in future.

2 Basis of presentation and statement of compliance

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended June 30, 2016. The disclosures provided below are incremental to those included with the annual financial statements. Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year June 30, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on February 28, 2017.

2 Basis of presentation and statement of compliance (cont'd)

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. They also require management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3 Significant accounting policies

Cash

Cash includes cash on hand, and deposits held at call with financial institutions.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary as at December 31, 2016. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The Company incorporated a subsidiary, Strike Gold Corp., on September 12, 2011 in the Province of British Columbia. As at December 31, 2016, the Company holds an 89% of interest in Strike Gold Corp. (June 30, 2016 – 89%). These condensed interim consolidated financial statements include the accounts of Strike Gold Corp. as well as the recognition of an 11% non-controlling interest in Strike Gold Corp.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale ("AFS") financial assets.

3 Significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial assets

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

Fair value through profit or loss - This category comprises derivatives, or assets 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 through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - 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 investment 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.

Available-for-sale - 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.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash as fair value through profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. 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 accounts payable and accrued liabilities and loan payable which are recognized at amortized cost using the effective interest method.

3 Significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable and accrued liabilities and convertible debentures. Subsequent to initial recognition, accounts payable and accrued liabilities, and convertible debentures are measured at amortized cost using the effective interest method. All are classified as other financial liabilities.

Exploration and Evaluation Assets

Pre-exploration Costs

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

Exploration and evaluation costs for mineral properties

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") 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 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.

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 consolidated statement of loss and comprehensive loss.

On an annual basis, 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.

3 Significant accounting policies (cont'd)

Compound Financial Instruments (convertible debentures)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

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 more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves.

Basic and Diluted Loss Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

3 Significant accounting policies (cont'd)

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and 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.

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.

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 valuation 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.

Any consideration paid by directors, officers, employees and non-employees 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.

3 Significant accounting policies (cont'd)

Rehabilitation Provision

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 the 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 the condensed interim consolidated statement of loss and comprehensive loss for the period. As at December 31, 2016 and 2015, the Company has no obligations relating to rehabilitation.

Impairment of Long-lived Assets

The Company's long-lived assets are reviewed for an indication of impairment at each statement of financial position date. If an 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 consolidated statement of loss and comprehensive 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.

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.

3 Significant accounting policies (cont'd)

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the tax deductibility of qualifying resource expenditures is transferred 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 expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income on settlement of flow-through share premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares or units are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

Accounting standards and interpretations adopted

During the year ended June 30, 2016, the Company adopted certain new accounting standards, interpretations, and amendments, none of which had material impact on the consolidated financial statements.

Accounting Standards issued but not yet applied

The following standards, interpretations and amendments, which have not been applied in these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

IFRS 9 — Financial instruments, classification and measurement

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

4 Critical estimates and judgements

The Company makes certain estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments assumptions 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 judgments.

Information about critical 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 consolidated financial statements within the next financial year are discussed below:

4 Critical estimates and judgements (cont'd)

Recoverability of Capitalized Exploration and Evaluation Expenditure

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 and the maintenance of good standing of the mineral titles, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

Valuation of Share-Based Payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the stock option granted. This estimate also requires determining the most appropriate inputs to the valuation model including the expected lives of the stock options, volatility, interest rates and, dividend yield and making assumptions about them. The models and assumptions used for estimating the fair value of share-based payment transactions are disclosed in Note 9 – Share-based compensation.

Convertible debentures

Management estimates the interest rate on a similar debenture liability that does not have an equity conversion option in the calculation of the fair value of the liability and equity portions of a compound instrument upon initial recognition.

5 Financial instruments

Fair values of financial instruments

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 payable and accrued liabilities and convertible debentures.

The accounting classification of each category of financial instruments, and the level within the fair value hierarchy in which they have been classified are set out below:

	Fair Value Hierarchy Level	December 31, 2016	June 30, 2016
Financial assets		$	$
Cash	1	776,760	58,888

(1) The carrying value of cash and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

(2) The face value of the convertible loan payable would approximate the fair value of the facility.

(Expressed in Canadian dollars)

5 Financial instruments (cont'd)

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 is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

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 does not consider its exposure to interest rate risk to be 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 goal is to have sufficient capital or access to capital to allow it to meet its liabilities when they become due. This goal has not been fully met in recent periods thereby increasing the liquidity risk. As at December 31, 2016, the Company had a working capital of $979,245 as compared to working capital deficiency of $121,052 at June 30, 2016. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

6 Exploration and evaluation assets

	Roy Mine (Farr) Property	McKinnon Hawkins Property	Foster Cobalt Property	Sask Craton Property and Sask Craton North Property	Total
	$	$	$	$	$
June 30, 2015	-	-	-	738,345	738,345
Deferred exploration costs					
Survey	-	-	-	154,154	154,154
Impairment	-	-	-	(892,499)	(892,499)
June 30, 2016	-	-	-	-	-
Acquisition costs					
Cash	10,800	145,000	27,700	-	183,500
Shares issued	138,000	101,333	114,000	-	353,333
	148,800	246,333	141,700	-	536,833
Deferred exploration costs					
Geological consulting	-	15,614	7,698	-	23,312
Staking	-	91,792	-	-	91,792
	-	107,406	7,698	-	115,104
December 31, 2016	148,800	353,739	149,398	-	651,937

6 Exploration and evaluation assets (cont'd)

McKinnon-Hawkins Gold Property

On September 15, 2016, the Company entered into an agreement to acquire an undivided 100% interest in the McKinnon-Hawkins Gold Property.

In consideration of the McKinnon-Hawkins Gold Property , the Company shall make the following payments;

Cash payments

i) $25,000 (paid) upon execution of the agreement as a non-refundable deposit.
ii) $75,000 on or before November 26, 2016 (paid).
iii) $150,000 on or before September 15, 2017.
iv) $200,000 on or before September 15, 2018.
v) $250,000 on or before September 15, 2019.
vi) $300,000 on or before September 15, 2020.

Share issuance

i) that number of shares having an aggregate value equal to $100,000 on or before November 26, 2016 (533,333 shares issued at a valued of $101,333).
ii) that number of shares having an aggregate value equal to $150,000 on or before September 15, 2017.
iii) that number of shares having an aggregate value equal to $200,000 on or before September 15, 2018.
iv) that number of shares having an aggregate value equal to $250,000 on or before September 15, 2019.
v) that number of shares having an aggregate value equal to $300,000 on or before September 15, 2020.

The Company shall incur an aggregate total of $2,000,000 expenditures in or on the Property, with $500,000 of expenditure during each 12 month period immediately prior to the first four anniversaries of this agreement.

Foster Cobalt Property Agreement

On August 3, 2016, the Company entered into an agreement to acquire a 100% interest in the Foster Cobalt Property ("Foster Property"), located in the Sudbury Mining District in north central Ontario.

In consideration of the Foster Property, the Company shall make the following payments;

i) issue 600,000 shares (issued at a valued of $114,000) to the vendors and pay $20,000 cash (paid) upon TSX Venture Exchange approval.
ii) issue 900,000 shares to the vendors on August 3, 2017.

A 2% NSR will be granted to the vendors with 1% purchasable by the Company for $1,000,000.

Roy Mine (Farr) Property

On August 22, 2016, the Company entered into an agreement to acquire a 100% interest in the Roy Mine Property, located about 11 km northwest of Elk Lake.

In consideration of the Roy Mine Property, the Company shall make the following payments:

i) issue 900,000 shares (issued at a value of $138,000). to arm's-length parties upon TSX Venture Exchange approval
ii) issue 600,000 shares to the vendors and pay work commitment of $50,000 on August 22, 2017.

A 2% NSR will be granted to the vendors with 1% purchasable by the Company for $1,000,000.

6 Exploration and evaluation assets (cont'd)

Sask Craton Property Agreement

On May 20, 2014, and as amended, the Company entered into an agreement (the "Sask Craton Property Agreement") to acquire an 80% undivided interest in approximately 1.25 million acres of mineral claims located within east-central Saskatchewan ("Sask Craton Property").

As consideration for the Sask Craton property the Company is required to complete the following:

i) Issue 100,000 common shares to Zimtu Capital Corp.("Zimtu"); (issued at a fair value of $50,000).

ii) Issue 100,000 share purchase warrants, each warrant exercisable into one common share of the Company at an exercise price of $2.50 per share for a period of three years from the date of issue; (issued at a value of $60,284).

iii) Cash payments to Kalt Industries Ltd. ("KIL") (a company controlled by the former President, former CEO Corporate Secretary and former Director of the Company) and DG Resource Management Ltd. ("DG") (a company controlled by the former VP, Exploration of the Company) beginning on January 15, 2015 and extending through February 1, 2016 totalling $553,028, with the first payments of $138,257 due on January 15, 2015 and $138,257 due April 30, 2015 (the "2015 Payments"), and the balance due on February 1, 2016. On January 5, 2015 the Company entered into unsecured convertible debentures with KIL and DG with respect to the 2015 Payments. The balance due on February 1, 2016 remains outstanding as at June 30, 2016.

iv) Subject to completing the earn-in of the Sask Craton Property Agreement by the Company, the vendors will collectively retain a 20% carried interest up to, but not including, mine construction (KIL – 16.464%, DG – 1.768% , Zimtu – 1.768%), and a 3% gross royalty (KIL - 2.47%, DG – 0.265% , Zimtu – 0.265%).

Sask Craton North Property Agreement

On May 20, 2014, the Company entered into an agreement to acquire an 80% undivided interest in a contiguous property ("Sask Craton North Property") totalling approximately 92,450 acres.

As consideration for the Sask Craton North property, the Company issued 44,915 common shares to the vendors with a fair value of $22,457. The property vendors also retained a 20% carried interest up to, but not including, mine construction (KIL – 20%) and as well as a 3% gross royalty (KIL – 2.1%, 0.9% other).

During the year ended June 30, 2016, the Company defaulted on the Sask Craton Property Agreement and decided to abandon the Sask Craton Property and Sask Craton North Property. As a result, the Company wrote-off $892,499 in exploration costs.

7 Convertible debentures

On January 5, 2015, the Company issued two convertible debentures (the "Debentures") having combined issue value of $276,514 to two different entities controlled by a former director and former officer (Ryan Kalt) and a former officer of the Company (Jody Dahrouge) respectively. The Debentures carry interest at the rate of 12% per annum, payable in common shares of the Company on a quarterly basis. The Debentures are unsecured with a maturity date on February 1, 2016 ("Maturity Date"). The debentures were convertible at the holder's option any time prior to or on maturity into common shares of the Company at a conversion price of $0.60 per common share until January 4, 2016, and thereafter $1.00 per common share until the Maturity Date.

During the period ended December 31, 2016, the Company had fully repaid all convertible debt and related interest payable. At June 30, 2016 $54,014 of convertible debt remained outstanding.

8 Share capital

Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

On February 29, 2016, the shareholders of the Company approved a share consolidation on the basis of ten pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on March 15, 2016. All references to the number of shares and per share amounts have been retroactively restated within these consolidated financial statements.

Issuances:

<u>For Period Ended December 31, 2016</u>

a) closed a private placement of 5,000,000 units at $0.07 per unit for total gross proceeds of $350,000. Each unit consists of one common share and one transferable share purchase warrant authorizing the purchase of one additional common share at a price of $0.12 per share until August 18, 2018. The warrants are subject to an acceleration provision whereby if at any time after December 19, 2016, the closing price of the Company's common shares is $0.50 or more for a period of 10 consecutive trading days, the Company will have the option to require the earlier exercise of the warrants within 30 days after the tenth trading day.

   In connection with the private placement, the Company paid cash finder's fees totalling $14,245 and issued 267,500 finder's warrants (valued at $35,000). Each finder's warrant is exercisable into one common share of the Company at a price of $0.07 until August 18, 2018.

b) issued 600,000 common shares for the Foster property valued at $114,000 (Note 6).

   closed a private placement of 9,454,182 units at $0.17 per unit for total gross proceeds of $1,607,211. Each unit consists of one common share and one-half share purchase warrant authorizing the purchase of one additional common share at a price of $0.12 per share until October 7, 2018.

   The Company paid cash commissions to the finders totaling $93,054 and issued 521,063 finder's warrants (valued at $105,900) exercisable at $0.25 until October 7, 2018.

8 Share capital (cont'd)

For Period Ended December 31, 2016 (cont'd)

c) issued 900,000 common shares for the Roy Mine property valued at $138,000 (Note 6).

d) issued 533,333 common shares for the McKinnon-Hawkins Gold Property valued at $101,333 (Note 6).

e) issued 50,000 common shares pursuant to the exercise of options for a gross proceeds of $6,000.

f) issued 305,600 common shares pursuant to the exercise of warrants for a gross proceeds of $30,560.

For Year Ended June 30, 2016

a) On September 30, 2015, interest of $8,295 due as a result of the Debentures was settled by way of the issuance of 23,701 common shares at $0.35 per share.

b) On October 29, 2015, the Company closed a private placement of 100,000 units at a price of $0.50 per unit to raise gross proceeds of $50,000. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.50 per share for a period of five years. The Company incurred total share issue costs of $5,374 in connection with the financing. No value was allocated to the warrant component of the unit offering completed.

c) On December 31, 2015, interest of $8,302 due as a result of the Debentures was settled by way of the issuance of 41,475 common shares at $0.20 per share.

d) On June 15, 2016, the Company closed a private placement of 7,350,000 units at a price of $0.05 per unit for gross proceeds of $367,500. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of $0.10 per common share for a period of five years. No value was allocated to the warrant component of the unit offering completed.

   In connection with the private placement, the Company paid cash finder's fees totalling $8,800 and issued 176,000 finder's warrants with a fair value of $10,300. Each finder's warrant is exercisable into one common share of the Company for a period of two years at a price of $0.10.

(Expressed in Canadian dollars)

8 Share capital (cont'd)

Share purchase warrants:

During the period ended December 31, 2016, the Company issued:

a) 267,500 finder's warrants pursuant to a private placement. Each finder's warrant is exercisable for one common share of the Company for a period of two years at a price of $0.07. The warrants were valued using the Black-Scholes valuation model resulting in a fair value of $35,000.

b) 521,063 finder's warrants pursuant to a private placement. Each finder's warrant is exercisable for one common share of the Company for a period of three years at a price of $0.25. The warrants were valued using the Black-Scholes valuation model resulting in a fair value of $105,900.

During the year ended June 30, 2016, the Company issued 176,000 finder's warrants pursuant to a private placement. Each finder's warrant is exercisable for one common share of the Company for a period of two years at a price of $0.10. The warrants were valued using the Black-Scholes valuation model resulting in a fair value of $10,300.

Details of share purchase warrant activity for the period ended December 31, 2016 and year ended June 30, 2016 is as follows:

Share purchase warrants outstanding	**December 31, 2016**		**June 30, 2016**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Outstanding – beginning of period	7,892,667	0.15	1,136,432	1.73
Granted	10,515,655	0.06	7,626,000	0.11
Exercised	(305,600)	0.10	-	-
Expired/forfeited	(166,667)	1.00	(869,765)	1.79
Outstanding – end of period	17,936,055	0.16	7,892,667	0.15

(Expressed in Canadian dollars)

8 Share capital (cont'd)

As at December 31, 2016, the Company has outstanding share purchase warrants as follows:

Expiry date	Number of warrants outstanding and exercisable	Weighted average exercise price
	#	$
September 29, 2017	100,000	2.50
June 15, 2018	170,400	0.10
August 18, 2018	5,000,000	0.12
August 18, 2018	267,500	0.07
October 7, 2018	4,727,092	0.25
October 7, 2018	521,063	0.25
October 29, 2020	100,000	0.50
June 15, 2021	7,050,000	0.10
	17,936,055	

9 Share-based compensation

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants and 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 the grant of the options. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant of the options and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price (as that term is defined in the policies of the Exchange) of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum term of five years, are non-transferable and expire within 90 days of termination of employment or holding office as a director, officer, employee or consultant of the Company and in the case of death, expire within one year thereafter. The options generally vest on the date of grant, however, the board of directors may specify a vesting period on a grant-by-grant basis.

During the period ended December 31, 2016, the Company:

i) granted incentive stock options to purchase 600,000 common shares at a price of $0.12 until July 14, 2018.

ii) granted incentive stock options to purchase 100,000 common shares at a price of $0.12 until August 2, 2017.

iii) granted incentive stock options to purchase 250,000 common shares at a price of $0.16 until August 30, 2017.

iv) granted incentive stock options to purchase 250,000 common shares at a price of $0.22 until September 16, 2018.

v) granted incentive stock options to purchase 725,000 common shares at a price of $0.16 until November 1, 2018.

vi) granted incentive stock options to purchase 200,000 common shares at a price of $0.15 until December 6, 2017.

(Expressed in Canadian dollars)

9 Share-based compensation (cont'd)

The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Six months ended December 31, 2016	Year ended June 30, 2016
Risk free interest rate	0.57%	-
Expected life of options	1.74 years	-
Annualized volatility	174.85%	-
Dividend yield	0%	-
Exercise price	$0.15	-
Fair value per option	$0.09	-

There were no stock options granted during the year ended June 30, 2016.

Details of stock option activity for the period ended December 31, 2016 and the year ended June 30, 2016:

Stock options outstanding	**December 31, 2016**		**June 30, 2016**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Outstanding – beginning of period	71,000	0.93	116,000	0.88
Granted	2,125,000	0.15	-	-
Exercised	(50,000)	0.12	-	-
Expired/forfeited	(171,000)	0.46	(45,000)	0.80
Outstanding – end of period	1,975,000	0.16	71,000	0.93

As at December 31, 2016, share purchase options outstanding have a weighted average remaining contractual life of 1.38 years (June 30, 2016 – 3.59 years).

The following table discloses the number of options and vested options outstanding as at December 31, 2016:

Number of options	**Number of options vested**	**Exercise Price**	**Expiry Date**
#	#	$	
50,000	50,000	0.12	August 2, 2017
250,000	250,000	0.16	August 30, 2017
200,000	200,000	0.15	December 6, 2017
500,000	500,000	0.12	July 14, 2018
250,000	250,000	0.22	September 16, 2018
725,000	725,000	0.16	November 1, 2018
1,975,000	1,975,000		

(Expressed in Canadian dollars)

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

On January 5, 2015, the Company issued two Debentures (Note 7) having a combined issue value of $276,514 to two different entities controlled by a former director and former officer (Ryan Kalt) and a former officer of the Company (Jody Dahrouge) respectively.

During the period ended December 31, 2016 and 2015, the Company incurred the following expenses charged by a legal firm of which one of the partners is a director of the Company, key management personnel and companies controlled by key management personnel:

	December 31, 2016	**December 31, 2015**
	$	$
Consulting fees	55,500	-
General and administration	60,000	-
Share-based compensation	119,416	-
	234,916	-

Included in accounts payable and accrued liabilities at December 31, 2016 is $58,574 (June 30, 2016 - $51,088) owed to current and former officers/directors of the Company, companies owned by former director and officer of the Company and a law firm in which one of the partners is a former director of the Company. In prepaid expenses are prepaid consulting fees of $50,000 to a director of the Company.

11 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity (deficit), as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

13 Subsequent events

Subsequent to the period ended December 31, 2016, the Company:

i) granted 500,000 stock options to directors, officers and consultants of the Company, exercisable at $0.12 per share for a period of one year.

ii) entered into an option agreement with Battery Mineral Resources Ltd. (“Battery”) whereby Battery will have the right to earn a 80% interest on the Company’s Roy Cobalt Property. To earn the interest Battery must pay the company $150,000, issue 450,000 shares and incur $500,000 of expenditures on the property over a 3 year period.

iii) entered into an option agreement to earn a 100% interest in the Evening Star Property in Nevada.

The cumulative acquisition terms to acquire an 80% interest in the Evening Star Property are cumulative cash payments of US$175,000, the issuance of 550,000 shares of the company over three years to one party, and cash payments of US$45,000 by June 4, 2018 and 200,000 shares over a three year period to an underlying second party.

The Company has a second option to increase its interest by a further 20% (to 100%) by paying the first party US$200,000 and issuing 500,000 shares, and paying the second party US$250,000, over an additional 24 month period.

The Net Smelter Royalty (“NSR”) of 0.5 % will be granted to the first party. An additional 2% NSR will be granted to the second party, of which 1% can be purchased for cancellation at the Company’s option for US $500,000, and the remaining 1% NSR can be purchased for cancellation for US $1,000,000, for a period of five years commencing after the exercise of the 2nd Option.