NITINAT MINERALS CORPORATION

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Three Months Ended September 30, 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 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 the financial statements have not been reviewed by an auditor.

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.

NITINAT MINERALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)
AS AT

		September 30, 2017		June 30, 2016
ASSETS				
Current assets				
Cash	**$**	**155**	$	310
Amounts receivable *(Note 5)*		**19,601**		16,662
		19,756		16,972
Reclamation bond		**5,000**		5,000
Note receivable *(Note 6)*		**1**		1
Exploration and evaluation assets *(Note 7)*		**925,377**		910,120
TOTAL ASSETS	**$**	**950,134**	$	932,093
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities (*Note 8)*	**$**	**816,152**	$	766,678
Due to related party *(Note 12)*		**33,513**		18,513
TOTAL LIABILITIES		**849,665**		785,191
SHAREHOLDES' EQUITY (DEFICIENCY)				
Share capital *(Note 9)*		**7,900,573**		7,900,573
Reserves		**1,508,896**		1,508,896
Accumulated deficit		**(9,309,000)**		(9,262,567)
		100,469		146,902
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$**	**950,134**	$	932,093

Nature of operations and going concerns *(Note 1)*
Contingencies (*Note 13*)

On behalf of the Board:

"Victor Cantore" Director

"Herbert Brugh" Director

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

NITINAT MINERALS CORPORATION
CONDENSES INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three Months ended September 30, 2017	Three Months ended September 30, 2016
EXPENDITURES		
Accounting and audit fees	$ 4,500	$ 5,500
Investor relations	-	(2,856)
Legal fees	-	830
Loss on debt extinguishment	-	38,192
Office and miscellaneous	35,933	42,683
Rent	6,000	6,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(46,433)	$ (90,349)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding Basic and diluted	23,089,753	17,719,643

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

NITINAT MINERALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

		Three Months ended September 30, 2017		Three Months ended September 30, 2016
Operating activities				
Net loss for the period	**$**	**(46,433)**	$	(90,349)
Items not affecting cash:				
Loss on debt extinguishment *(Note 7)*		**-**		38,192
		(46,433)		(52,157)
Change in non-cash working capital:				
Receivables		**(2,939)**		(1,751)
Amounts payable and other liabilities		**49,474**		49,201
Net cash used in operating activities		**102**		(4,707)
Cash flows from investing activity				
Exploration and evaluation asset:		**(15,257)**		-
Cash flows from investing activity		**(15,257)**		-
Cash flows from financing activity				
Advances from related party		**15,000**		4,434
Cash flows from financing activity		**15,000**		4,434
Net change in cash and cash equivalents during the period		**(155)**		(273)
Cash and cash equivalents – beginning of period		**310**		305
Cash and cash equivalents – end of period		**155**		32

SUPPLEMENTAL INFORMATION

Mineral properties expenditures included in accounts payable and accrued liabilities	**$**	**189,000**	$	27,561
Issuance of common shares for debt settlement	**$**	**-**	$	173,567

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

NITINAT MINERALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)
FOR THE PERIODS ENDEND SEPTEMBER 30, 2017 AND 2016

	Number of Shares		Share Capital		Equity Settled Share-based Payments Reserve		Accumulated Deficit		Total
Balance at June 30, 2016	16,202,253	$	7,352,510	$	1,508,896	$	(8,979,975)	$	(118,569)
Shares for debt settlement *(Note 9)*	2,707,500		173,579		-		-		173,579
Net loss for the period	-		-		-		(90,349)		(90,349)
Balance, September 30, 2016	18,909,753	$	7,526,089	$	1,508,896	$	(9,070,324)	$	(35,339)
Balance, June 30, 2017	23,089,753	$	7,900,573	$	1,508,896	$	(9,262,567)	$	146,902
Net loss for the period	-		-		-		(46,433)		(46,433)
Balance, September 30, 2017	23,089,753	$	7,900,573	$	1,508,896	$	(9,309,000)	$	100,469

1. NATURE OF OPERATIONS AND GOING CONCERN

Nitinat Minerals Corporation (the "Company") was incorporated under the laws of the State of Nevada on June 1, 2004 under the name of "Assal Metallo, Inc.". On June 20, 2007, the Company was continued under the laws of the Province of Alberta and on July 19, 2007, it was continued under the laws of the Province of Ontario, at which time the name was changed to Nitinat Minerals Corporation pursuant to Articles of Continuance dated June 22, 2007. The primary office of the Company is located at 85 Richmond Street West, Suite 702, Toronto, Ontario M5H 2C9.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned significant revenue and has an accumulated deficit of $9,309,000. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

As at September 30, 2017, the Company had a working capital deficit of $829,909. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of presentation

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC.

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the consolidated financial statements are presented below and are based on IFRS' issued and outstanding as of November 29, 2017 the date the Board of Directors approved the consolidated financial statements

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Taman Petroleum Corporation ("Taman") which is inactive. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Use of estimates and judgments

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

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

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

<u>The carrying value and the recoverability of exploration and evaluation assets</u> - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

<u>Share-based compensation</u> - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options.

<u>Recovery of deferred tax assets</u> - Judgment is required in determining whether deferred tax assets are recognized in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgments (continued)

Decommissioning restoration provision - The Company's provision for decommissioning and restoration provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for the discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expenses.

(i) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" management determined that the functional currency of the parent Company as well as the Company's subsidiaries is the Canadian dollar.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Earnings (loss) per share ("EPS")

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (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.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as gain on option agreement in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. 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.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets 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 mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, 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.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Share-based compensation

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

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

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

Valuation of equity units issued in private placements

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

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss at the same time the qualifying expenditures are incurred.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

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 consolidated 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 through 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 through 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 at fair value through profit or loss, amounts receivable as loans and receivables, and reclamation bond as held-to-maturity.

Financial liabilities

The Company classifies its financial liabilities into one of two 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 liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Other financial liabilities: Liabilities in this category are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company's accounts payable and accrued liabilities and due to related party are classified as other financial liabilities.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. 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.

Cash is measured using level 1 inputs.

Future accounting pronouncements

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

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

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

IFRS 16 *Leases* is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholders' equity (deficiency).

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

3. CAPITAL MANAGEMENT (CONTINUED)

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2017.

4. FINANCIAL RISK MANAGEMENT

Financial risk

The Company's financial instruments consist of cash, amounts receivable, reclamation bond, note receivable, accounts payable and due to related party. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks and that the carrying values of these financial instruments approximate their fair values.

(i) Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2017, the Company had a working capital deficit of $829,909 (June 30, 2017 - working capital deficit of $768,219). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(ii) Credit risk
Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable, and reclamation bonds. The Company’s cash is held with a major Canadian based financial institution, from which management believes the risk of loss to be minimal.

(iii) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk
The Company has cash balances and no interest-bearing debt as at September 30, 2017. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) Commodity and equity price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

(EXPRESSED IN CANADIAN DOLLARS)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of current and future exploration and development depend upon the world market price of precious and base metals. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

5. RECEIVABLES

		September 30, 2017		June 30, 2017
Harmonized sales tax recoverable	**$**	**19,601**	$	**16,662**

6. NOTE RECEIVABLE

During the year ended June 30, 2013, the Company acquired its subsidiary, Taman Petroleum Corporation ("Taman"). Taman has an 8% interest in a Russian private company, Techniton LLC ("Techniton"). Techniton has a 100% interest in the South Temryuk Oil & Gas Exploration-Exploitation Licence located in the mature Azov-Kuban petroleum region of southwest Russia. During the year ended June 30, 2013, the Company wrote-down its investment in Techniton to $nil.

During the year ended June 30, 2014, the Company loaned Techniton $300,000, proceeds from the private placement completed during that year.

As at June 30, 2014, the Company decided to write-down the note receivable from Techniton to $1 based on uncertainty of collection.

7. EXPLORATION AND EVALUATION ASSETS

Title to mineral property of interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest in are located in Canada.

		Jasper Property		Carscallen Property		Total
Balance, June 30, 2016	$	681,120	$	-	$	681,120
Acquisition costs – cash		-		40,000		40,000
Acquisition costs – shares		-		189,000		189,000
Balance, June 30, 2017		681,120		229,000		910,120
Consulting		15,257		-		15,257
Balance, September 30, 2017	$	696,377	$	229,000	$	925,377

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Carscallen Property, British Columbia

In October 2016, the Company signed an assignment agreement (the "Agreement") with Inspiration Mining Corp ("Inspiration") to acquire a 100% interest in certain mining claims west of the City of Timmins known as the Carscallen Property (the "Property"). Pursuant to the terms and conditions of the Agreement, the Company will earn the 100% interest by:

- Cash payment of $40,000 on execution of this agreement (paid);
- Share payment of 2,200,000 common shares of the Company (of which 2,100,000 was issued and valued at $189,000 and the remaining 100,000 were issued subsequent to September 30, 2017);
- Cash payment of $20,000 on October 19, 2017 (paid subsequently); and
- Cash payment of $40,000 on October 19, 2018.

The acquisition of the Property is subject to underlying conditions:

- In the event that the Company is able to obtain an intersection of at least 3 grams of gold per ton over one meter, the Company will be required to issue an additional 2,400,000 common shares to Inspiration;

- In the event that the Company is able to establish a commercial mine of at least a 250,000 ton ore body having a minimum grade of 2 grams of gold per ton, the Company will be required to issue an additional 2,400,000 common shares to Inspiration;

- Upon the payment of the option payments of October 19, 2017 and 2018, the Company will have an undivided 100% interest in the Property subject to a 2% net smelter royalty ("NSR") in favour of the original optionors. The Company shall have the right to purchase 1% of the 2% NSR royalty for an aggregate cash payment of $1,000,000. In addition, the Company also assumes the obligation from Inspiration whereby the Company will grant a 1% NSR in favour of the individual who assigned the original option agreement to Inspiration. Under the assignment agreement between Inspiration and this individual, this 1% NSR can be purchased for $2,000,000; and

- Inspiration and the Company are related by virtue of a common director.

Jasper Property, British Columbia

Pursuant to a purchase agreement dated December 1, 2007, the Company purchased the Jasper Property from Inspiration in exchange for 1,336,790 special warrants ("Inspiration Special Warrants"). A value of $2,063,208 was assigned to the Inspiration Special Warrants using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield - 0%; volatility - 100%; risk-free interest rate - 0.95% and an expected life of one year. On November 2, 2009, 1,336,790 Inspiration Special Warrants were converted automatically without further consideration into 1,336,790 common shares of the Company. The Jasper Property is located on west-central Vancouver Island, British Columbia. In May 2010, a director of Inspiration became a director of the Company.

During the year ended June 30, 2014, the Company recorded an impairment charge of $1,872,334 on the Jasper Property due to the Company's decision to discontinue work on certain claims.

(EXPRESSED IN CANADIAN DOLLARS)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2017		June 30, 2017
Accounts payable	**$**	**538,777**	$	**498,303**
Accrued liabilities		**277,375**		**268,375**
	$	**816,152**	$	**766,678**

On August 16, 2016, the Company had accounts payable of $135,375 settled with 2,707,500 common shares of the Company with a value of $203,063 and recognized a loss of $67,688.

9. SHARE CAPITAL

(a) Authorized and issued share capital

The authorized share capital consists of an unlimited number of common shares, without par value and an unlimited number of preferred shares, without par value. All issued shares are fully paid.

During the period ended September 30, 2017, the Company did not issue any shares.

During the year ended June 30, 2017, the Company:

i) has settled an aggregate of $135,375 of debt by the issuance of 2,707,500 common shares of the Company at a fair value of $203,063 resulting in a loss on debt settlement of $67,688 *(Note 8).*

ii) issued 2,100,000 common shares with a fair value of $189,000 pursuant to the acquisition of the Carscallen Property *(Note 7).*

iii) issued 2,080,000 common shares pursuant to the exercise of warrants for the gross proceeds of $156,000, of which $100,000 was settled with outstanding accounts payable.

(b) Compensation warrants

	Number of Compensation Warrants		**Exercise Price**
Balance, June 30, 2016	**175,000**	$	0.05
Expired	**(175,000)**		0.05
Balance, June 30, 2017 and September 30, 2017	**-**	$	-

(EXPRESSED IN CANADIAN DOLLARS)

10. WARRANTS

	Number of Warrants		Weighted Average Exercise Price
Balance, June 30, 2016	7,103,500	$	0.30
Exercised	(2,080,000)		0.075
Expired	(900,000)		0.50
Balance, June 30, 2017 and September 30, 2017	4,123,500	$	0.09

The following are the warrants outstanding at September 30, 2017:

Number of Warrants	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
1,623,500	0.075	0.90	May 26, 2018
2,500,000	0.10	1.68	March 5, 2019

11. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX Venture Exchange ("TSXV"), under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 793,000 options under the plan. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The options can be granted for a maximum term of five years and vest as determined by the Board of Directors.

	Number of Stock Options		Weighted Average Exercise Price
Balance, June 30, 2016	362,100	$	2.00
Expired	(40,000)		2.00
Balance, June 30, 2017	322,100	$	2.00
Expired	(37,500)		2.00
Balance, September 30, 2017	284,600	$	2.00

The following are the stock options outstanding and exercisable at September 30, 2017

Number of Stock Options	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
50,000	2.00	0.88	May 16, 2018
234,600	2.00	1.01	July 4, 2018

(EXPRESSED IN CANADIAN DOLLARS)

12. RELATED PARTY TRANSACTIONS

		September 30 , 2017		2016
Adrea Capital Corporation (“Adrea”)	(i)	$ 15,000		$ 15,000
Herb Brugh	(ii)	9,341		14,000
		$ 24,341		$ 29,000

i) D. Randall Miller, a director of Inspiration, a related company under common control, controls Adrea. On September 16, 2011, the Company signed a sublease agreement with Adrea for a five year term commencing on February 1, 2011 and expiring on January 31, 2016. The lease payments are $5,430 per month for the term of the lease. During the period ended September 30, 2017, the Company paid or accrued Adrea $15,000 (2016 - $15,000), in management fees. Both management fees and rent are included in office and miscellaneous. As at September 30, 2017, this company was owed $132,145 (June 30, 2017 - $115,195) which is included in accounts payable and accrued liabilities. Beginning July 1, 2015, this amount bears an interest rate of 6% per annum.

ii) For the period ended September 30, 2017, the Company expensed $9,341 (2016 - $14,000) to Herb Brugh for Chief Executive Officer fees and $4,670 (2016 - $4,918) for administration fees. Included in the September 30, 2017 accounts payable and accrued liabilities is $65,761 due to Herb Brugh (June 30, 2017 - $51,750).

iii) For the period ended September 30, 2017, the Company was invoiced $Nil (2016 - $Nil) by Marrelli Support for former Chief Financial Officer ("CFO") fees. Carmelo Marrelli was the president of Marrelli Support and the former CFO of Nitinat and resigned on June 1, 2016. Included in the September 30, 2017 accounts payable and accrued liabilities is $50,513 invoiced and unpaid by Marrelli Support (June 30, 2017 - $50,513). This amount is in dispute (Note 15).

iv) For the period ended September 30, 2017, the Company expensed $Nil (2016 - $Nil) to DSA for corporate secretarial services. DSA is a private company controlled by Carmelo Marrelli, the former CFO of the Company. Included in the September 30, 2017 accounts payable and accrued liabilities is $614 due to DSA (June 30, 2017 - $614)

v) For the period ended September 30, 2017 the Company expensed $Nil (2016 - $Nil) to DSA Filing for corporate secretarial services. DSA Filing is a private company controlled by Carmelo Marrelli, the former CFO of the Company. Included in the September 30, 2017 accounts payable and accrued liabilities is $1,260, due to DSA Filing (June 30, 2017 - $1,260)

vi) For the period end September 30, 2017, the Company expensed $Nil (2016 - $Nil) to Vern Bock, a director of the Company, for consulting fees. Included in the September 30, 2017 accounts payable and accrued liabilities is $2,002 due to Vern Bock (June 30, 2017 - $2,002).

vii) As at September 30, 2017, Inspiration was owed $21,013 (June 30, 2017 - $21,013) and the amount is unsecured and due on demand. Beginning July 1, 2015, this amount bears an interest rate of 6% per annum. During the period ended September 30, 2017, the Company accrued $Nil (2016 - $Nil) in interest to Inspiration.

Balances due to related parties bear no interest bear no interest, unless otherwise stated, are due on demand and has no fixed term of repayment.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

viii) For the period ended September 30, 2017, the Company expensed $Nil (2016 - $Nil) to Huron Advisory & Taxation Services Inc. ("Huron Advisory") for booking services. Huron Advisory is a private company controlled by Charn Hansra, the former CFO of the Company. Included in the September 30, 2017 accounts payable and accrued liabilities is $4,153 due to Huron Advisory (June 30, 2017 - $4,153).

ix) During the period ended September 30, 2017, the Company had advanced $2,500 (June 30, 2017 - $2,500) to Martina Minerals Corporation, a company with one related director.

13. CONTINGENCIES

In August 26, 2016 litigation was commenced against the Company, its offices and directors by the previous CFO and accountant for the Company's CFO and accounting services. The Company is of the opinion that the claim against the directors and officers is without merit. As of September 30, 2017, the Company has established a litigation provision of $50,513 in regard to its litigation exposure recorded in accounts payable.