WESTERN PACIFIC
RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED NOVEMBER 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the nine months ended November 30, 2016. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

WESTERN PACIFIC RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at:		November 30, 2016		February 29, 2016
ASSETS				
Current assets				
Cash	$	238,565	$	30,547
Receivables (Note 5)		6,494		3,422
Available-for-sale investments (Note 6)		150,000		-
Prepaid expenses and deposits		7,125		956
		402,184		34,925
Assets held for sale (Note 7)		-		6,373,251
		402,184		6,408,176
Non-current assets				
Property and equipment (Note 8)		5,899		7,055
Exploration and evaluation assets (Note 9)		16,229		147,741
Reclamation deposits (Note 10)		17,117		108,250
		39,245		263,046
TOTAL ASSETS	**$**	**441,429**	**$**	**6,671,222**
LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	$	7,008	$	1,897,373
Due to related parties (Note 15)		284,627		510,610
Current portion of long-term payables (Note 9)		-		1,561,946
Current portion of convertible notes - liability component (Note 12)		-		8,465,312
		291,635		12,435,241
Non-current liabilities				
Long-term payables (Note 9)		-		1,238,367
Total liabilities		291,635		13,673,608
Shareholders' equity (deficiency)				
Share capital (Note 13)		11,112,697		10,779,889
Other equity reserves (Note 13)		2,542,707		2,542,707
Deficit		(13,454,610)		(20,324,982)
Accumulated other comprehensive loss		(51,000)		-
Total shareholders' equity (deficiency)		149,794		(7,002,386)
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY	**$**	**441,429**	**$**	**6,671,222**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON JANUARY 26, 2017:

“Arthur Brown”, Director
Arthur Brown

“Michael Callahan”, Director
Michael Callahan

See accompanying notes to the condensed consolidated interim financial statements

WESTERN PACIFIC RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended November 30, 2016	Three months ended November 30, 2015	Nine months ended November 30, 2016	Nine months ended November 30, 2015
EXPLORATION EXPENDITURES (Notes 11 and 15)	$ -	$ 107,531	$ 30,525	$ 435,654
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	385	733	1,156	2,199
Directors fees (Note 15)	11,930	6,000	38,980	24,000
Interest accretion on convertible notes (Note 12)	-	1,974,221	178,177	3,015,425
Interest accretion on payables (Note 9)	-	51,791	113,054	150,099
Interest charges	-	688	-	2,266
Investor relations and shareholder information	339	2,505	4,177	10,924
Management fees (Note 15)	45,770	101,772	208,796	295,807
Office and administration	6,131	15,815	14,694	67,793
Professional fees	2,764	24,153	26,154	52,687
Salaries and benefits (Note 15)	4,653	4,500	15,357	13,500
Transfer agent and regulatory fees	746	697	8,655	5,678
Travel	-	496	-	16,143
	72,718	2,183,371	609,200	3,656,521
Loss before other items	(72,718)	(2,290,902)	(639,725)	(4,092,175)
OTHER ITEMS				
Foreign exchange gain (loss)	(179)	(78,442)	171,989	(403,211)
Gain on extinguishment of convertible note debt upon foreclosure of Deer Trail Property (Note 7)	-	-	2,208,565	-
Gain on settlement of accounts payable and long-term payables (Note 9)	-	-	4,129,140	-
Gain (loss) on sale of exploration and evaluation asset (Note 9)	(5,001)	-	1,090,036	-
Fair value loss on long-term payables	-	(41,062)	(89,633)	(119,004)
Fair value gain on derivative liability	-	30,497	-	1,659,824
	(5,180)	(89,007)	7,510,097	1,137,609
Net income (loss) for the period	**$ (77,898)**	**$ (2,379,909)**	**$ 6,870,372**	**$ (2,954,566)**
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Fair value losses on available-for-sale investments	(66,000)	-	(51,000)	-
Total comprehensive income (loss)	**$ (143,898)**	**$ (2,379,909)**	**$ 6,819,372**	**$ (2,954,566)**
Income (loss) per share, basic and diluted	$(0.00)	$(0.05)	$0.12	$(0.06)
Weighted average number of common shares outstanding	63,023,315	52,837,629	56,510,103	52,508,060

See accompanying notes to the condensed consolidated interim financial statements

WESTERN PACIFIC RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
For the nine months ended November 30, 2016 and 2015
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

			Other equity reserves				
	Number of common shares	**Share capital**	**Share-based payments**	**Share purchase warrants**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance, February 28, 2015	52,232,023	$ 10,687,239	$ 1,227,777	$ 1,314,930	$ -	$ (16,826,471)	$ (3,596,525)
Loss for the period	-	-	-	-	-	(2,954,566)	(2,954,566)
Shares issued for note conversion	273,820	37,376	-	-	-	-	37,376
Shares issued for note interest conversion	454,926	55,274	-	-	-	-	55,274
Balance, November 30, 2015	52,960,769	10,779,889	1,227,777	1,314,930	-	(19,781,037)	(6,458,441)
Loss for the period	-	-	-	-	-	(543,945)	(543,945)
Balance, February 29, 2016	52,960,769	10,779,889	1,227,777	1,314,930	-	(20,324,982)	(7,002,386)
Income for the period	-	-	-	-	-	6,870,372	6,870,372
Shares issued for debt settlement	10,062,546	352,189	-	-	-	-	352,189
Share issuance costs	-	(19,381)	-	-	-	-	(19,381)
Available-for-sale investments	-	-	-	-	(51,000)	-	(51,000)
Balance, November 30, 2016	**63,023,315**	**$ 11,112,697**	**$ 1,227,777**	**$ 1,314,930**	**$ (51,000)**	**$ (13,454,610)**	**$ 149,794**

See accompanying notes to the condensed consolidated interim financial statements

WESTERN PACIFIC RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended November 30, 2016	Three months ended November 30, 2015	Nine months ended November 30, 2016	Nine months ended November 30, 2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss) for the period	$ (77,898)	$ (2,379,909)	$ 6,870,372	$ (2,954,566)
Items not affecting cash:				
Amortization	385	733	1,156	2,199
Interest accretion	-	2,026,012	291,231	3,165,524
Fair value loss on long-term payables	-	41,062	89,633	119,004
Fair value gain on derivative liability	-	(30,497)	-	(1,659,824)
Gain on sale of exploration and evaluation assets	5,001	-	(1,090,036)	-
Gain on extinguishment of convertible note debt	-	-	(2,208,565)	-
Gain on settlement of current and long-term payables	-	-	(4,129,140)	-
Unrealized foreign exchange loss (gain)	-	78,800	(157,522)	424,247
	(72,512)	(263,799)	(332,871)	(903,416)
Changes in non-cash working capital items:				
Receivables	10,134	945	(3,072)	7,596
Prepaid expenses and deposits	2,375	29,110	(6,169)	62,821
Accounts payable and accrued liabilities	(22,348)	44,160	(140,365)	18,899
Due to related parties	(2,946)	181,441	(225,983)	324,657
Net cash used in operating activities	(85,297)	(8,143)	(708,460)	(489,443)
INVESTING ACTIVITIES				
Reclamation deposits	90,470	-	90,855	169,888
Option payments received on exploration and evaluation asset	-	-	-	12,300
Proceeds on sale of exploration and evaluation asset	(5,001)	-	1,007,548	-
Net cash provided by investing activities	85,469	-	1,098,403	182,188
FINANCING ACTIVITIES				
Issuance of shares for cash, net	-	-	(19,381)	-
Long-term payables	-	-	(262,340)	-
Issuance of convertible notes, net	-	-	-	36,363
Proceeds upon foreclosure of DTM assets	-	-	99,518	-
Net cash provided by (used in) financing activities	-	-	(182,203)	36,363
Foreign exchange effect on cash	(2,530)	(3,740)	278	(23,960)
Net inflow (outflow) of cash	(2,358)	(11,883)	208,018	(294,852)
Cash, beginning of period	240,923	50,188	30,547	333,157
Cash, end of period	**$ 238,565**	**$ 38,305**	**$ 238,565**	**$ 38,305**

See accompanying notes to the condensed consolidated interim financial statements

1. CORPORATE INFORMATION

Western Pacific Resources Corp. (the “Company”) was incorporated under the *Business Corporations Act* of British Columbia on June 4, 2009. The Company’s principal business activities are directed towards the exploration and development of mineral properties in North America.

The address of the Company’s corporate office and principal place of business is 1500 – 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards (“IFRS”)

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the significant accounting policies disclosed in note 3 of audited consolidated financial statements of the Company for the year ended February 29, 2016. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities measured at fair value.

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

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going Concern and Continuance of Operations

These condensed consolidated interim financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2016, the Company had no revenue-producing operations, has an accumulated deficit of $13,454,610 since inception and is expected to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

2. BASIS OF PREPARATION (*cont'd…*)

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned Nevada, U.S.A., subsidiary, Western Pacific Resources (U.S.) Corp. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards and interpretations have been issued by the IASB, but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 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. In response to delays to the completion of the remaining phases of the project, the IASB issued amendments to IFRS 9. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. IFRS 9 is effective for the annual period beginning on March 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases* which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 *Leases*. IFRS 16 is effective for the annual period beginning March 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of evaluating the impact of the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (*cont'd…*)

- The recoverability of other receivables, prepaid expenses and deposits; the estimated useful lives of property and equipment, and the related amortization;
- The completeness of accounts payable and accrued liabilities;
- The inputs in accounting for convertible debentures;
- The recoverability and measurement of deferred income tax assets.

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

- The determination of the Company's and its subsidiary's functional currency requires management's judgment of the underlying transactions, events and conditions relevant to the entity;
- The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

  Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

  In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits;
- Although the Company has taken steps to identify any decommissioning liabilities related to exploration and evaluation assets in which it has an interest, there may be unidentified decommissioning liabilities present;
- The determination of the categories in which financial assets and liabilities are classified;
- The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances; and
- The determination whether an asset meets the criteria for classification as "assets held for sale". Criteria considered by management include the expected selling price of the assets and the expected timeframe of the completion of the anticipated sale.

5. RECEIVABLES

		November 30, 2016		**February 29, 2016**
Sales taxes	$	4,622	$	3,417
Other receivables		1,872		5
	$	**6,494**	**$**	**3,422**

(Expressed in Canadian Dollars)

6. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are recorded at fair value. As of November 30, 2016, available-for-sale investments consisted of 300,000 (February 29, 2016: $Nil) common shares of Pilot Gold Inc. ("Pilot"), a publicly listed company. The common shares of Pilot were acquired pursuant to the sale of the Mineral Gulch Property to Pilot during the period ended November 30, 2016 (Note 9).

As at November 30, 2016, the fair value based on the published market price of the available-for-sale investments was $216,000 (February 29, 2016: $Nil). An unrealized gain of $15,000 was recorded in other comprehensive income during the period ended November 30, 2016 (2015: $Nil).

		Pilot
Balance, February 29, 2016	$	-
Acquisition of shares		201,000
Net change in fair value recorded in other comprehensive income		(51,000)
Balance, November 30, 2016	**$**	**150,000**

7. ASSETS HELD FOR SALE

DTM Property

On October 5, 2015, Quintana WRP Holding Company LLC ("Quintana WRP"), the lender of convertible notes to the Company (Note 12) issued a demand for payment and notice of default due to the Company being unable to pay its debt installments as they became due. During the year ended February 29, 2016, a stipulation agreement was signed between the Company and Quintana WRP and foreclosure proceedings commenced on the Company's DTM Property. On March 7, 2016, Quintana WRP executed a foreclosure on the DTM assets in full settlement of the convertible note liabilities amounting to $8,482,298. Upon the foreclosure, the Company also received a cash payment of $99,518 (US$75,000) from Quintana WRP for the Company's cooperation during the foreclosure process.

The assets associated with the DTM Property were reclassified from their respective statement of financial position classifications to "assets held for sale" during the year ended February 29, 2016. Upon reclassification, management evaluated the expected fair value less cost to sell and determined that the carrying value was lower. The fair value less cost to sell was based on the extinguishment of the convertible note liabilities and categorized in Level 3 of the fair value hierarchy.

DTM assets that were reclassified as held for sale and disposed of upon the foreclosure on March 7, 2016 comprise:

Exploration and evaluation assets – DTM Property (Note 9)	$	6,018,654
Reclamation deposits (Note 10)		351,667
Equipment (Note 8)		2,930
Balance, February 29, 2016	$	6,373,251

As a result of the disposal of DTM assets totaling $6,373,251, the extinguishment of convertible note debt totaling $8,482,298, and the cash payment received of $99,518, the Company recorded a gain on extinguishment of convertible note debt of $2,208,565 in the condensed consolidated interim statement of income and comprehensive income for the period ended November 30, 2016.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and office equipment	Vehicle	Total
Cost				
Balance, February 28, 2015	$ 5,992	$ 10,745	$ 4,646	$ 21,383
Reclassified as held for sale	-	-	(4,646)	(4,646)
Balance, February 29, 2016	5,992	10,745	-	16,737
Balance, November 30, 2016	**$ 5,992**	**$ 10,745**	**$ -**	**$ 16,737**
Accumulated amortization				
Balance, February 28, 2015	$ 4,123	$ 3,562	$ 780	$ 8,465
Charge for year	561	1,436	936	2,933
Reclassified as held for sale	-	-	(1,716)	(1,716)
Balance, February 29, 2016	4,684	4,998	-	9,682
Charge for period	294	862	-	1,156
Balance, November 30, 2016	**$ 4,978**	**$ 5,860**	**$ -**	**$ 10,838**
Carrying amounts				
At February 29, 2016	$ 1,308	$ 5,747	$ -	$ 7,055
At November 30, 2016	**$ 1,014**	**$ 4,885**	**$ -**	**$ 5,899**

9. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the period from February 28, 2015 to November 30, 2016:

	Nevada	Idaho	Utah	
	Rock Springs	Mineral Gulch	Deer Trail	Total
Balance, February 28, 2015	$ 28,529	$ 131,512	$ 6,301,029	$ 6,461,070
Acquisition costs recovered	(12,300)	-	(282,375)	(294,675)
Assets reclassified as held for sale	-	-	(6,018,654)	(6,018,654)
Balance, February 29, 2016	16,229	131,512	-	147,741
Assets sold	-	(131,512)	-	(131,512)
Balance, November 30, 2016	**$ 16,229**	**$ -**	**$ -**	**$ 16,229**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. The amounts shown for exploration and evaluation assets represent acquisition costs incurred to date, less recoveries, write-downs, and disposals and are not intended to reflect present or future values.

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (*cont'd…*)

Mineral Gulch, Idaho

The Mineral Gulch Property consists of 345 claims in southeastern Cassia County in southern Idaho. On June 14, 2016, pursuant to an asset purchase agreement between the Company and Pilot, the Company sold 100% of its interest in the Mineral Gulch Property to Pilot in exchange for the following consideration:

(i) $1,040,000 (US$800,000) in cash;

(ii) 300,000 common shares of Pilot with a fair value of $201,000 at the time of receipt;

(iii) The issuance to the Company of a 0.5% net smelter returns royalty on all future gold produced from the Mineral Gulch claims acquired; and

(iv) Reimbursement to the Company for transaction costs in connection with the sale totaling $13,000 (US$10,000).

Newmont Mining Corporation, which held a first right of offer in the event the Company proposed to joint venture or otherwise sell the Mineral Gulch Property, elected not to exercise that right.

As a result of the property sale, the Company recorded a gain on the sale of exploration and evaluation assets of $1,090,036 during the period ended November 30, 2016, comprised of the following:

Consideration		
Cash	$	1,040,000
Common shares of Pilot		201,000
Transaction cost reimbursement		13,000
		1,254,000
Transaction costs – legal fees		(32,452)
Carrying cost of exploration and evaluation asset		(131,512)
	$	**1,090,036**

Deer Trail Mine Project, Utah

On February 21, 2014, the Company acquired the Deer Trail Property ("DTM Property") located in Piute County, Utah, from the Deer Trail Mining Company LLC ("DTMC"), a subsidiary of Unico Inc. Pursuant to the acquisition agreement, the Company agreed to pay to DTMC total consideration of $7,000,000 over two and one-half years, of which $2,075,000 had been paid by the time of closing.

Settlement of debt to DTMC

On July 25, 2016, the Company entered into an agreement with DTMC to settle all remaining debts owing and terminate all obligations to DTMC pursuant to asset purchase agreements dated February 24, 2013. As at the date of the debt settlement agreement, these debts included a payment of $1,750,000 that was past due, a payment of $1,675,000 that was due by August 31, 2016 and a potential obligation for a make-whole payment of up to $1,500,000 regarding the transfer of the formerly held Bombardier Property to DTMC.

During the period ended November 30, 2016, in consideration of the debt settlement, the Company issued and paid as full and final satisfaction of all debts and obligations the following:

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (*cont'd…*)

Deer Trail Mine Project, Utah (*cont'd…*)

(a) a cash payment of $262,340 (US$200,000);

(b) 10,062,546 common shares of the Company with a fair value of $352,189 (issued August 25, 2016); and

(c) assigned a 50% interest in the net smelter returns royalty on the Mineral Gulch Property (0.25%) up to a maximum of US$2,300,000.

As a result of the debt settlement, the Company recorded a gain on settlement of accounts payable and long-term payables of $4,129,140 during the period ended November 30, 2016, comprised of the following:

Accounts payable settled	$	1,750,000
Long-term payables settled		3,003,000
Common shares issued		(352,189)
Cash paid		(262,340)
Transaction costs – legal fees		(9,331)
	$	**4,129,140**

During the period ended November 30, 2016, as a result of the completion of the foreclosure on the DTM Property by Quintana WRP in accordance with a stipulation agreement between the Company and Quintana WRP (Note 12), the Company's ownership and any rights associated with the DTM Property was transferred to Quintana WRP and the carrying cost of $6,018,654 which was previously reclassified as an asset held for sale was eliminated.

Rock Springs, Nevada

The Rock Springs Property consists of 120 claims, which the Company staked in Elko County, Nevada. On June 11, 2014, the Company entered into an agreement with CR Rock Springs Inc. ("CR") whereby CR had leased a 100% interest in the Rock Springs Property for an initial term of 20 years. In order to maintain the lease in good standing, CR was to complete exploration work on the property totaling US$75,000 over five years, and pay to the Company annual advance royalty payments totaling US$30,000 over the first two years (US$20,000 paid), and then US$20,000 per year as long as the lease agreement remained in effect. CR also had the right at any time during the term of the lease to purchase the property by paying US$500,000 to the Company, with the Company retaining its net smelter return royalty. During the period ended November 30, 2016, CR terminated the lease agreement before the next cash payment was due.

(Expressed in Canadian Dollars)

10. RECLAMATION DEPOSITS

Under the United States Forest Service ("USFS"), the Company had a reclamation deposit which covered the cost to reclaim the ground disturbed from the Company's drill program on the Mineral Gulch Property in Idaho. As a result of the sale of the Mineral Gulch Property to Pilot during the period ended November 30, 2016, the Company's reclamation deposit of $88,325 (US$67,300) was refunded by the USFS.

Under the State of Nevada's Bureau of Land Management ("BLM"), the Company has a reclamation deposit, which covers the cost to reclaim the ground disturbed from the Company's drill program on the formerly held South Lida Property. As at November 30, 2016, a reclamation deposit of $17,117 (US$12,749) continues to be held by the BLM. There are no stated terms with the deposit.

Under the State of Utah's Division of Oil, Gas and Mining, the Company had reclamation deposits totaling $351,667 (US$260,051), which covered the cost to reclaim the ground disturbed on the DTM Property. There were no stated terms with the deposit. As a result of the foreclosure on the DTM Property by Quintana WRP (Note 9), title to these reclamation deposits were transferred to Quintana WRP and the carrying cost of $351,667 written off during the period ended November 30, 2016.

11. EXPLORATION EXPENDITURES

During the nine month period ended November 30, 2016, the Company incurred $30,525 in care and maintenance costs on its mineral properties, of which $26,161 related to the Rock Springs Property.

During the nine month period ended November 30, 2015, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Utah Deer Trail	Idaho Mineral Gulch	Total
Field expense	$ 14,710	$ -	$ 14,710
Geological fees	153,351	9,851	163,202
Metallurgical	10,851	-	10,851
Property maintenance	78,121	70,512	148,633
Salaries and wages	77,660	-	77,660
Travel	20,598	-	20,598
	$ 355,291	**$ 80,363**	**$ 435,654**

12. CONVERTIBLE NOTES

Investment Agreement

In December 2013, the Company entered into an investment agreement (the "Investment Agreement") with Quintana WRP, an affiliate of Quintana Minerals Corporation ("Quintana"), for a private placement of secured (US$5,000,000) (the "Secured Notes") and unsecured convertible notes (US$5,000,000) (the "Financing") for a total principal amount of up to US$10,000,000. In addition, the Company entered into a base metals purchase agreement with Quintana Deer Trail Streaming Company LLC, an affiliate of Quintana, for the purchase of certain percentages of base metals that are produced from the Deer Trail Mine by the Company. The Secured Notes were secured by a guarantee from the Company and, subject to certain exceptions, first ranking charges and security interests over all of the present and future assets of the Company, including assets relating to the DTM Property acquired by the Company pursuant to the DTM Property acquisition (Note 7). The Secured Notes were subject to annual compounded interest at a rate of 8% and were to be repaid in installments between the second and third anniversaries of the Secured Notes issuance date.

In addition to the Secured Notes, the Investment Agreement provided that Quintana WRP could have elected to make available to the Company up to US$5,000,000 of unsecured notes (the "Unsecured Notes" and together with the Secured Notes, the "Convertible Notes") at any time prior to the third anniversary of the Investment Agreement closing date. The Unsecured Notes were interest free and matured three years from the Closing Date.

The Convertible Notes were convertible at any time at the option of Quintana WRP, and in the case of the Unsecured Notes at the option of the Company, in whole or in part, into common shares of the Company (each a "Share") at a price of $0.1328 per Share, subject to adjustment as provided in the Investment Agreement. Quintana WRP could also elect to convert all or part of any accrued interest on the Convertible Notes into Shares at a price equal to the greater of (a) $0.1328 per Share, and (b) the closing price of the Shares on the TSXV (or such other Canadian stock exchange on which the Shares are listed for trading) on the trading day immediately preceding the date of conversion.

Demand for Payment and Notice of Default

On October 5, 2015, Quintana WRP notified the Company of its failure to meet and maintain certain financial obligations related to the DTM Property and Quintana WRP considered this a material adverse effect in relation to the Investment Agreement and related Convertible Notes and therefore issued the Company a demand for payment and notice of default letter. Quintana WRP elected to declare the total principal, all accrued interest, all fees and all costs immediately due and payable. The Company was not able to repay the amounts owing. As a result, Quintana WRP elected to foreclose on the assets associated with the DTM Property pursuant to a stipulation agreement between the Company and Quintana WRP. Pursuant to the terms of the stipulation agreement, Quintana WRP became the successful bidder on a foreclosure sale and elected to accept the DTM Property in full satisfaction of the amounts owing for the Convertible Notes.

The foreclosure closed on March 7, 2016 (Note 9).

Issued Secured Notes

Pursuant to the Investment Agreement, as amended, Quintana WRP purchased secured convertible notes of the Company ("Secured Notes") in the principal amount of US$3,500,000 on February 21, 2014 (the "Closing Date"), and on May 16, 2014 purchased additional Secured Notes in the amount of US$1,500,000.

As a result of the foreclosure of the DTM Property on March 7, 2016, Secured Note liabilities totaling $7,906,852 and consisting of principal and interest were extinguished during the period ended November 30, 2016.

(Expressed in Canadian Dollars)

12. CONVERTIBLE NOTES (*cont'd…*)

Other Unsecured Notes

In January 2015, the Company arranged a private placement of US$650,000, issuable in two tranches, in unsecured convertible notes (the "Other Unsecured Notes") with Quintana WRP. The principal amount of the notes was convertible at the option of Quintana WRP into common shares of the Company at a price of $0.1215 per share. The closing of the first tranche in the amount of US$355,000 occurred on January 5, 2015 and closing of the second tranche in the amount of US$295,000 occurred on January 30, 2015. Quintana WRP had the option to convert US$123,750 of the principal amount of the first tranche into a net smelter return equal to 0.1375% and US$101,250 of the principal amount of the second tranche into a net smelter return equal to 0.1125%. During the year ended February 29, 2016, Quintana WRP exercised their right to convert those amounts to a net smelter return on both tranches, thereby reducing the amounts of the Other Unsecured Notes to $307,586 (US$231,250) and $257,707 (US$193,750), respectively.

The Other Unsecured Notes were to mature on the third anniversary after issuance and accrue interest at a rate of 9.5% per annum, compounded semi-annually and payable quarterly. The Company had the option, in lieu of a cash payment, to convert all or part of any accrued interest on the notes into common shares at a price equal to the greater of (a) $0.1215 per share, and (b) the closing price of the shares on the TSXV on the trading day immediately preceding the date of conversion. During the year ended February 29, 2016, the Company opted to convert the interest accrued up to November 30, 2015 on both tranches totaling $55,274 into 454,926 common shares.

As a result of the foreclosure of the DTM Property on March 7, 2016, Other Unsecured Note liabilities totaling $575,446 and consisting of principal and interest were extinguished during the period ended November 30, 2016.

	Liability component	Derivative component	Total
Balance, February 28, 2015	$ 5,109,591	$ 1,621,871	$ 6,731,462
Face value of note issued on August 28, 2015	36,363	1,013	37,376
Fair value adjustment	7,912	(1,621,871)	(1,613,959)
Foreign exchange	567,573	-	567,573
Accretion of interest	3,117,885	-	3,117,885
	8,839,324	1,013	8,840,337
Conversion of notes, net of transaction costs	(36,363)	(1,013)	(37,376)
Conversion of notes to NSR	(282,375)	-	(282,375)
Conversion of interest on notes	(55,274)	-	(55,274)
	(374,012)	(1,013)	(375,025)
Balance, February 29, 2016	8,465,312	-	8,465,312
Foreign exchange	(161,191)	-	(161,191)
Accretion of interest	178,177	-	178,177
	8,482,298	-	8,482,298
Extinguishment of convertible notes	(8,482,298)	-	(8,482,298)
Balance, November 30, 2016	**$ -**	**$ -**	**$ -**

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES

(a) Common and Preferred Shares

The Company is authorized to issue an unlimited number of common and preferred shares without par value. The Company has not issued any preferred shares.

During the period ended November 30, 2016, there were 10,062,546 common shares with a value of $352,189 issued to DTMC pursuant to the sale of the debt settlement agreement with DTMC (Note 9). Share issuance costs paid in cash totaled $19,381.

(b) Share Purchase Warrants

There was no share purchase warrant activity during the period ended November 30, 2016

There were no share purchase warrants outstanding as of November 30, 2016.

14. SHARE-BASED PAYMENTS

Option Plan Details

In November 2009, the Company adopted a share purchase option plan, which allows the Company to issue options to directors, officers, employees and consultants of the Company. A revised share option plan (the “Plan”) was adopted in December 2013, and was ratified by the shareholders on January 14, 2014. The maximum aggregate number of securities reserved for issuance is 10% of the number of common shares issued and outstanding from time to time. The Plan provides that the number of options held by any one individual may not exceed 5% of the number of issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the Company’s shares on the last day shares are traded prior to the grant date. Vesting restrictions may be imposed at the discretion of the directors.

Share Purchase Options

The Company has granted share purchase options to its directors, officers, employees and consultants. These options were granted in accordance with the policies of the regulatory authorities and the Company’s stock option plan in effect at the time of grant.

The following is a summary of changes in share purchase options for the period ended November 30, 2016:

			During the period					
Expiry date	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired / forfeited**	**Closing balance**	**Vested and exercisable**	**Unvested**
May 22, 2019	$0.13	250,000	-	-	-	250,000	-	250,000
Jun 16, 2019	$0.135	1,030,000	-	-	-	1,030,000	1,030,000	-
Jan 27, 2020	$0.35	335,000	-	-	-	335,000	335,000	-
Jul 25, 2020	$0.38	200,000	-	-	-	200,000	200,000	-
Jul 12, 2021	$0.57	300,000	-	-	-	300,000	300,000	-
		2,115,000	**-**	**-**	**-**	**2,115,000**	**1,865,000**	**250,000**
	Weighted average exercise price	**$0.25**	**-**	**-**	**-**	**$0.25**	**$0.27**	**$0.13**

14. SHARE-BASED PAYMENTS (*cont'd…*)

Share Purchase Options (*cont'd…*)

Fair Value of Options Issued During the Period

There were no options granted during the period ended November 30, 2016.

The weighted average remaining contractual life of the options outstanding at November 30, 2016 is 3.03 (February 29, 2016: 3.78) years.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share based payment transactions recognized during the period ended November 30, 2016 as part of share based payments was $Nil (2015: $Nil).

As of November 30, 2016, there was $23,748 (February 29, 2016: $23,748) in unrecognized compensation costs related to share-based payment awards not yet exercisable.

Exercise of Options

There were no options exercised during the period ended November 30, 2016.

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the periods ended November 30, 2016 and 2015 consist of directors, officers and the following company with common directors:

Related party	Nature of transactions
Quintana WRP	Interest expense on issuance of convertible notes

Balances and transactions with related parties not disclosed elsewhere in these condensed consolidated interim financial statements are as follows:

i) During the period ended November 30, 2016, the Company paid three of its independent directors US$1,000 per month each, for acting in such capacity (2015: $1,000 per month each).

ii) During the period ended November 30, 2016, the Company accrued interest accretion expense of $178,177 (2015: $1,041,204) relating to the convertible notes as described in Note 12 to Quintana WRP, a company with two common directors up to September 16, 2015.

iii) Amounts due to related parties as of November 30, 2016 consisted of $37,418 to a former officer of the Company for accrued fees (February 29, 2016: $142,913 to three officers), $215,152 in accrued management fees to two directors of the Company (February 29, 2016: $331,697) and $32,057 in accrued directors fees (February 29, 2016: $36,000) to three independent directors of the Company.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include certain of its directors and officers. Key management compensation comprises:

	Three months ended November 30, 2016	Three months ended November 30, 2015	Nine months ended November 30, 2016	Nine months ended November 30, 2015
Management and professional fees	$ 53,270	$ 108,772	$ 231,296	$ 317,807
Geological fees	-	56,525	-	163,202
Salaries and benefits	4,500	4,500	13,500	13,500
Directors' fees	11,930	6,000	38,980	24,000
	$ 69,700	**$ 175,797**	**$ 283,776**	**$ 518,509**

There were no share-based payments to directors during the periods ended November 30, 2016 and 2015.

16. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. The mineral property interests are located in the United States and substantially all of the exploration expenditures are incurred in the western United States. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed consolidated interim financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash invested in asset-based commercial paper. For other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value. The Company is not exposed to significant credit risk as the majority of the balance is due from government agencies.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At November 30, 2016, the Company had cash of $238,565 (February 29, 2016: $30,547) and working capital of $110,549 (February 29, 2016: working capital deficiency of $6,027,065). At November 30, 2016, current liabilities totalled $291,635 (February 29, 2016: $12,435,241) of which $284,627 was due to related parties. All of the Company's other short-term financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

(c) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

i) Currency Risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and the United States. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at November 30, 2016, the Company had the Canadian dollar equivalent of cash totalling $234,273 (February 29, 2016: $30,490) held in US dollars and Canadian dollar equivalent of liabilities totalling $288,612 (February 29, 2016: $8,949,246) owed in US dollars.

Based on the above net exposure as at November 30, 2016, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $5,400 (2015: $852,300) in the Company's net loss and comprehensive loss for the period ended November 30, 2016.

ii) Interest Rate Risk

Interest rate risk consists of two components:

A. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

B. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at November 30, 2016, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian financial institutions. The Company considers this risk to be limited.

iii) Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investment is exposed to significant equity price risk due to the potentially volatile and speculative nature of the business in which the investment is held. The available-for-sale investment held in Pilot is monitored by the Board with decisions on sale taken by Management. A 10% decrease in fair value of the shares would result in an approximate $15,000 increase in comprehensive income and corresponding decrease in equity.

iv) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, currency risk, or equity price risk. The Company is not exposed to any other price risk.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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.

As at November 30, 2016, the Company's financial instruments are comprised of cash, available-for-sale investments, accounts payable and accrued liabilities, and due to related parties.

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral property and pursue growth opportunities. The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to pay for limited property care and maintenance and general administrative costs, the Company will spend its existing capital resources. 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. The Company monitors its cash, available-for-sale investments, common shares, and stock options as capital. There have been no changes to the Company's approach to capital management during the period ended November 30, 2016. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. As a result of the agreement with the former DTM Property owners to settle all debt owing to them (Note 9), the Company expects its current capital resources to be sufficient to cover its basic operating costs through the next twelve months. However, for any proposed property acquisitions or exploration programs, the Company will likely need to obtain additional capital resources.