CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2016

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee. The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

COBALT POWER GROUP INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

	As at October 31, 2016	As at January 31, 2016
ASSETS		
Current Assets		
Cash	**$ 482,829**	$ 140,693
GST receivable	**8,687**	13,066
Prepaid expenses	**-**	4,600
Total Current Assets	**491,516**	158,359
Exploration and Evaluation Assets (Note 5)	**491,089**	292,733
Total Assets	**$ 982,605**	$ 451,092
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 10,347**	$ 15,014
Total Liabilities	**10,347**	15,014
Equity		
Share capital (Note 6)	**4,229,006**	3,330,214
Contributed surplus	**353,514**	175,498
Deficit	**(3,610,262)**	(3,069,634)
Total Equity	**972,258**	436,078
Total Liabilities and Equity	**$ 982,605**	$ 451,092

Nature and Continuance of Operations (Note 1)

These unaudited condensed interim financial statements were approved and authorized for issue by behalf of the Board of Directors on December 19, 2016 by:

"Andreas Rompel"	"Jeff Poloni"
Chief Executive Officer	Director

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

COBALT POWER GROUP INC.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	October 31, 2016	October 31, 2015	**October 31, 2016**	October 31, 2015
Operating Expenses				
Consulting	**$ 56,050**	$ 71,750	**$ 144,835**	$ 127,288
Depreciation	**-**	-	**-**	2,185
Insurance	**4,153**	2,300	**8,753**	2,300
Office	**6,334**	5,445	**16,315**	42,671
Professional fees	**1,686**	8,696	**9,224**	32,341
Promotion and entertainment	**50,500**	856	**50,573**	8,457
Property investigation	**-**	-	**-**	2,200
Rent	**3,750**	3,750	**11,250**	5,051
Salaries	**31,650**	-	**63,937**	2,507
Share-based compensation	**178,016**	41,348	**178,016**	41,348
Shareholder communications	**4,417**	2,085	**5,802**	14,508
Transfer agent, regulatory fees	**7,009**	5,674	**16,561**	27,629
Travel	**4,391**	535	**35,363**	16,513
Net and Comprehensive Loss	**$ 347,956**	$ 142,439	**$ 540,629**	$ 324,998
Basic and Fully Diluted Loss per Share	**$ 0.02**	$ 0.01	**$ 0.03**	$ 0.03
Weighted Average Number of Shares Outstanding	**21,137,522**	15,279,889	**18,259,655**	12,626,959

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

COBALT POWER GROUP INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD OF JANUARY 31, 2015 TO OCTOBER 31, 2016

(Unaudited)

(Expressed in Canadian Dollars)

	Shares	Amount	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 31, 2015:	6,874,889	2,948,364	134,150	(1,998,284)	1,084,230
Share issuance costs	-	(45,400)	-	-	(45,400)
Shares issued for exploration asset	700,000	42,000	-	-	42,000
Share-based compensation	-	-	41,348	-	41,348
Net loss for the year	-	-	-	(1,071,350)	(1,071,350)
Balance, January 31, 2016	**15,279,889**	**$ 3,330,214**	**$ 175,498**	**$ (3,069,634)**	**$ 436,078**
Shares issued	16,537,866	955,134	-	-	955,134
Shares issued for exploration asset	1,250,000	71,250	-	-	71,250
Share issuance costs (Note 6)	-	(127,592)	-	-	(127,592)
Share-based compensation	-	-	178,016	-	178,016
Net loss for the period	-	-	-	(540,628)	(540,628)
Balance, October 31, 2016	**33,067,755**	**$ 4,229,006**	**$ 353,514**	**$ (3,610,262)**	**$ 972,258**

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

COBALT POWER GROUP INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian Dollars)

	Nine Months Ended October 31, 2016	Nine months Ended October 31, 2015
Cash Used in Operating Activities		
Net loss for the period	**$ (540,629)**	$ (324,998)
Items not affecting cash:		
Depreciation	**-**	2,185
Stock-based compensation	**178,016**	41,348
	(362,613)	(281,465)
Changes in non-cash working capital items:		
GST receivable	**4,379**	(3,099)
Prepaid expenses	**4,600**	(5,141)
Accounts payable and accrued liabilities	**(4,666)**	(16,616)
Cash Outflows from Operating Activities	**(358,300)**	(306,321)
Cash Used in Investing Activities		
Exploration and evaluation assets	**(198,356)**	(19,313)
Cash Outflows from Investing Activities	**(198,356)**	(19,313)
Cash Provided by Financing Activities		
Proceeds from share issuances, net	**898,792**	339,850
Cash Inflows from Financing Activities	**898,792**	339,850
Increase in cash for the period	**342,136**	14,216
Cash, beginning of the year	**140,693**	266,137
Cash, End of Period	**$ 482,829**	$ 280,353

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

1. NATURE AND CONTINUANCE OF OPERATIONS

a) Nature of Operations

Cobalt power Group Inc. (the **"Company**") was incorporated under the BC Business Corporations Act on December 14, 2009 and is listed on the TSX Venture Exchange (**"TSX:V"**).

The Company maintains its head office and registered records office at #217-179 Davie Street, Vancouver, British Columbia, Canada, V6Z 2Y1.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

b) Continuance of Operations

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these 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.

During the nine months ended October 31, 2016, the Company incurred a comprehensive loss of $540,629 (October 31, 2015 - $324,998) and as at October 31, 2016 had an accumulated deficit of $3,610,262 (January 31, 2016 - $3,069,634). To date, the operations of the Company have solely been funded through the issuance of common shares. Continued operations are dependent on the Company's ability to complete future equity financings. In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the consolidated statement of financial position. Due to many external factors, including commodity prices and equity market conditions, it is not possible to predict whether future financing will be successful or available at all. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) and interpretations of the International Financial Reporting Interpretations Committee (**"IFRIC"**). These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on December 19, 2016.

2. BASIS OF PRESENTATION (Continued)

b) Basis of Measurement

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

In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at January 31, 2016. The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Accounting Standards Issued But Not Yet Applied

International Financial Reporting Standard 9, Financial Instruments ("**IFRS 9**"), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

Subsequent to the year ended January 31, 2016, there have been no new accounting policies adopted by the Company.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Impairment

Assets, especially exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with directors and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and the dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

Title to Mineral Property Interests

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

Rehabilitation Provisions

Management's best estimates regarding the rehabilitation provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual rehabilitation provisions will ultimately depend on future market prices of rehabilitation obligations.

Critical Judgments Used in Applying Accounting Policies

Exploration and Evaluation Expenditures

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, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations during the period the new information becomes available.

Income taxes

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(Unaudited) (Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Description	Balance, January 31, 2016	Additions for the Period	Write offs for the Period	**Balance October 31, 2016**
Acquisition Cost				
Brownell Lake (A)	$ 1	$ -	$ -	**$ 1**
Laurier Graphite (B)	245,000	-	-	**245,000**
Smith-Cobalt (D)	-	121,250	-	**121,250**
Sub-Total	**245,001**	**121,250**	**-**	**366,251**
Expenditures				
Brownell Lake (A)	-	-	-	**-**
Laurier Graphite (B)	47,732	-	-	**47,732**
Smith-Cobalt (D)	-	77,106	-	**77,106**
Sub-Total	**47,732**	**77,106**	**-**	**124,838**
Total	**$ 292,733**	**$ 198,356**	**$ -**	**$ 491,089**

Description	Balance, January 31, 2015	Additions for the Year	Write offs for the year	**Balance January 31, 2016**
Acquisition Cost				
Brownell Lake (A)	$ 315,000	$ -	$ (314,999)	**$ 1**
Laurier Graphite (B)	245,000	-	-	**245,000**
Rambo (C)	-	57,000	(57,000)	**-**
Sub-Total	**560,000**	**57,000**	**(371,999)**	**245,001**
Expenditures				
Brownell Lake (A)	228,820	-	(228,820)	**-**
Laurier Graphite (B)	47,732	-	-	**47,732**
Rambo (C)	-	4,313	(4,313)	**-**
Sub-Total	**276,552**	**4,313**	**(233,133)**	**47,732**
Total	**$ 836,552**	**$ 61,313**	**$ (605,132)**	**$ 292,733**

A) Brownell Lake Property

The Company held an option to acquire a 100% interest in eight contiguous mining claims located southeast of La Ronge, Saskatchewan. On October 18, 2013, the agreement was amended such that the consideration to be paid was to be incurred over a four and a half year period. As consideration for the amendments, the Company paid the optionor $10,000.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

The option consisted of three separate options pursuant to which the Company could acquire incrementally up to a 100% interest in the properties by making staged payments and incurring exploration expenditures as follows:

i) Cash consideration

$25,000 upon entering into the agreement (**paid**);
$50,000 on or before December 2, 2012 (**paid**);
$250,000 on or before June 2, 2015 (**not paid**);
$500,000 on or before June 2, 2016 (**not paid**).

ii) Issuing common shares

250,000 upon receiving final TSX.V exchange approval (**issued**);
500,000 on or before December 2, 2012 (**issued**);
250,000 on or before June 2, 2015 (**not issued**);
250,000 on or before June 2, 2016 (**not issued**).

iii) Incurring aggregate exploration expenditures of:

$250,000 on or before December 2, 2012 (**completed**);
$750,000 on or before June 2, 2015 (**not completed**);
$1,250,000 on or before June 2, 2016 (**not completed)**.

The agreement is subject to a 2% net smelter royalty ("NSR") on commercial production. The Company has the right to purchase 1/2 of the NSR within a period of two years from commencement of production for $1,500,000.

The Company acquired a 30% interest in the property as a result of paying $75,000, issuing 750,000 common shares and incurring exploration expenditures over $250,000. However, the second option to acquire a further interest has now lapsed due to missing the June 2, 2015 deadline requirements. Accordingly, at end of fiscal 2016, the Brownell property was impaired down to $1.

B) Laurier Graphite Property

On May 16, 2012, the Company entered into a property option agreement to acquire an undivided 100% interest in the certain mineral claims located in Laurier Township, south east of North Bay, Ontario. There is a 2% NSR reserved in favour of the optionor.

Consideration for the acquisition comprises staged payments aggregating $100,000, (**paid**) and the issuance of 375,000 common shares (**issued**).

5. EXPLORATION AND EVALUATION ASSETS (Continued)

C) Rambo Property

On February 27, 2015, the Company entered into a property option agreement to acquire an undivided 100% interest in a mineral claim (the "**Rambo Claim**") consisting of 1,474 hectares, located in central British Columbia. Consideration for the acquisition comprised of staged payments aggregating $15,000 and the issuance of 1,400,000 common shares as follows:

i) Cash consideration

$5,000 upon entering into the agreement (**paid**);
$10,000 upon receipt of regulatory approval (**paid**).

ii) Issuing common shares

700,000 upon receipt of regulatory approval (**issued**);
700,000 on or before September 13, 2016 (**not issued**).

The agreement is subject to a 2% NSR. The Company has the right to purchase 1/2 of the NSR (1%) for $1,000,000 and an additional 1/2 of the remaining NSR for an additional $500,000 within a period of two years from commencement of production.

On December 7, 2015, the Company announced that it has elected to terminate its option to acquire a 100% interest in the Rambo project and, accordingly, the Company wrote off costs of $61,313.

D) Smith-Cobalt Property

On September 6, 2016, the Company entered into a property option agreement to acquire nine patented mining claims, covering 160 acres, located approximately 4km SE of Cobalt, Ontario. Consideration for the acquisition comprised of staged payments aggregating $25,000 and the issuance of 1,500,000 common shares as follows:

i) Cash consideration

$5,000 upon entering into the agreement (**paid**);
$20,000 upon receipt of regulatory approval (**paid**).

ii) Issuing common shares

750,000 upon receipt of regulatory approval (**issued**);
750,000 upon the first anniversary of the signing (September 6, 2017) (**not issued**);

The agreement is subject to a 2% NSR. The Company has the right to purchase 1/2 of the NSR (1%) for $1,000,000. In addition, the Company also agreed to continue payment on the remaining mortgage owed on the property, up to the amount of $16,000.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

On September 12, 2016 the Company acquired an additional 3 mineral claims contiguous to the 9 patented Smith-Cobalt Mining claims. Consideration for the acquisition comprised of staged payments aggregating $25,000 and the issuance of 500,000 common shares as follows:

i) Cash consideration

$10,000 upon entering into the agreement (**paid**);
$15,000 30 days after entering into the agreement (**paid**).

ii) Issuing common shares

500,000 5 days after receipt of regulatory approval (**issued**);

6. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

On June 17, 2016, Cobalt Power closed a private placement, raising gross proceeds of $149,254 from the issuance and sale of 2,984,500 Units at a price of $0.05 per Unit. Each Unit consists of one common share in the capital of the Company and one half common share purchase warrant. One whole Warrant will entitle the holder, on exercise, to purchase one common share at a price of $0.075 per share at any time after the four month hold period, until the close of business December 17, 2017, unless there is an early trigger. The early trigger provision will provide for the mandatory exercise of the warrants in the event that Cobalt's shares trade on the TSX:V for a period of 20 trading days at a price greater than $0.15 per share. Once that event has occurred, the Company may give notice compelling the holder to exercise the Warrants within 21 days following the date notice is given failing which the Warrants will thereafter automatically expire.

Legal fees of $9,520, filing fees of $750 and a finder's fee of $400 were paid with respect to this financing.

On September 28, 2016 closed a private placement, raising gross proceeds of $805,880 from the issuance of 13,020,666 units, of which 2,464,000 were Flow-through Units at a price of $0.07 per unit and 10,556,666 were non flow-through units at a price of $0.06 per unit. Each Unit consists of one common share in the capital of the Company and one half common share purchase warrant. After a four month hold period, one full warrant will be exercisable to purchase one additional non flow-through share at a price of $0.12 for a period of 18 months following the date of closing of the private placement. These warrants are also non-transferable.

Legal fees of $43,569, filing fees of $5,723 and finders' fee of $68,030 were paid with respect to this financing.

(Unaudited) (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

c) Warrants

A summary of changes in share purchase warrants for the nine months ended October 31, 2016 and the year ended January 31, 2016 is presented below:

	Nine Months Ended October 31, 2016		Year Ended January 31, 2016	
	Amount	**Weighted Average Exercise Price**	Amount	Weighted Average Exercise Price
Balance, Beginning of Year:	3,852,500	$ 0.075	3,852,500	$ 0.075
Issued	8,268,933	0.112	-	-
Balance, End of Period:	**12,121,433**	**$ 0.100**	**3,852,500**	**$ 0.075**

As at October 31, 2016 share purchase warrants were outstanding were as follows:

Amount of Warrants	**Price Per Warrant**	**Amount Exercisable On October 31, 2016**	**Expiry Date**
3,852,500	$ 0.075	3,852,500	May 1, 2017
1,492,250	0.075	1,492,250	December 17, 2017
6,776,683	0.120	-	April 6, 2018
12,121,433		**5,344,750**	

As at October 31, 2016, the weighted average remaining contractual life of the share purchase warrants is 1.02 years and the weighted average exercise price is $0.10. The warrants will contain an early trigger provision which will provide for the mandatory exercise of the warrants in the event the Issuer's Shares trade on the TSX:V for a period of 20 trading days at a price greater than $0.15 per share, after which the option holder has 21 days to exercise the warrants before they expire.

d) Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX:V regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. The options can be granted for a maximum of 5 years and vest as determined by the Board of Directors.

(Unaudited) (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

On October 27, 2016, the Company issued stock options to purchase 1,640,000 shares of the company at $0.11 per share. The options, which all vested immediately, will be exercisable for a period of 5 years.

A summary of stock options for the nine months ended October 31, 2016 and the year ended January 31, 2016 is presented below:

	Nine Months Ended October 31, 2016		Year Ended January 31, 2016	
	Amount of Options	**Weighted Average Exercise Price**	Amount	Weighted Average Exercise Price
Balance, Beginning of Year:	1,330,000	$ 0.075	525,000	$ 0.22
Cancelled	-	-	(525,000)	(0.22)
Granted	1,640,000	0.110	1,330,000	0.075
Balance, End of Period	**2,970,000**	**$ 0.094**	**1,330,000**	**$ 0.075**

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital.

Options Issued to Directors and Consultants

The fair value measured at the grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, expected forfeitures, the term of the option, the share price at grant date, the expected volatility of the underlying share, the dividend yield and the risk free interest rate of the option.

7. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities. The Company considers all directors and officers of the Company to be key management personnel.

At October 31, 2016, included in accounts payable and accrued liabilities is $5,499 (January 31, 2016 - $113) owing to a director and a company controlled by a director.

During the nine months ended October 31, 2016 and October 31, 2015, the Company incurred the following expenses charged by key management personnel and companies directly controlled by key management personnel.

(Unaudited) (Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (Continued)

	Nine Months Ended October 31, 2016	Nine Months Ended October 31, 2015
Statement of Operations Items:		
Consulting	**$ 103,815**	$ 125,788
Professional fees	**-**	3,000
Rent	**11,250**	5,000
Salaries	**41,012**	2,250
Share-based compensation	**178,016**	41,348
Total	**$ 334,093**	$ 177,386

8. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options and warrants. 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, exploration and development of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The mineral 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. Additional sources of funding, which may not be available on favourable terms, if at all, include: share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. 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 nine months ended October 31, 2016. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

9. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

Fair Value

The carrying value of accounts payable and accrued liabilities approximate their fair value due to the immediate or short period to maturity. Cash is measured at fair value using level 1 inputs.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at October 31, 2016, the Company has cash of $482,829, (January 31, 2016 - $140,693) and financial liabilities of $10,347 (January 31, 2016 - $15,014) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the consolidated statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

c) Market Risk

i) Interest Rate Risk

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

ii) *Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at October 31, 2016, the Company held US $9,988 in cash, but had no liabilities which were denominated in currencies other than the Canadian dollar.

iii) *Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.