

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**VENDETTA MINING CORP.**

Three months ended August 31, 2017 and 2016

(Unaudited – prepared by management)

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

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

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

# VENDETTA MINING CORP.

Condensed Interim Statement of Financial Position  
(Unaudited – expressed in Canadian dollars)

|                                            | As at<br>August 31, 2017 | As at<br>May 31, 2017 |
|--------------------------------------------|--------------------------|-----------------------|
| <b>Assets</b>                              |                          |                       |
| Current assets:                            |                          |                       |
| Cash                                       | \$ 1,523,095             | \$ 3,897,781          |
| GST / HST receivable                       | 238,163                  | 55,989                |
| Prepaid expenses and advances (Note 4)     | 74,151                   | 31,614                |
|                                            | <b>1,835,409</b>         | <b>3,985,384</b>      |
| Equipment (Note 5)                         | 4,200                    | <b>4,540</b>          |
| Exploration and evaluation assets (Note 6) | 1,203,063                | 1,203,063             |
|                                            | <b>\$ 3,042,672</b>      | <b>\$ 5,192,987</b>   |

## Liabilities and Shareholders' Equity

|                                          |                     |                     |
|------------------------------------------|---------------------|---------------------|
| Current liabilities:                     |                     |                     |
| Accounts payable and accrued liabilities | \$ 582,336          | \$ 462,079          |
|                                          | <b>582,336</b>      | <b>462,079</b>      |
| Shareholders' equity:                    |                     |                     |
| Share capital (Note 7)                   | 11,103,419          | 11,015,419          |
| Subscriptions receivable (Note 7)        | -                   | (5,000)             |
| Reserves (Note 7)                        | 720,022             | 660,952             |
| Deficit                                  | (9,363,105)         | (6,940,463)         |
|                                          | <b>2,460,336</b>    | <b>4,730,908</b>    |
|                                          | <b>\$ 3,042,672</b> | <b>\$ 5,192,987</b> |

Nature of operations and going concern (Note 1)  
Subsequent events (Note 11)

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

Approved on behalf of the Board:

"Michael J. Williams" Director

"Doug Ramshaw" Director

# VENDETTA MINING CORP.

Condensed Interim Statement of Loss and Comprehensive Loss  
(Unaudited – expressed in Canadian dollars)

|                                               | Three months ended |                 |
|-----------------------------------------------|--------------------|-----------------|
|                                               | August 31, 2017    | August 31, 2016 |
| Expenses:                                     |                    |                 |
| Amortization (Note 5)                         | \$ 340             | \$ -            |
| Accounting and legal (Note 9)                 | 9,225              | 15,561          |
| Consulting                                    | 5,500              | 9,000           |
| Director fees (Note 9)                        | 10,500             | 6,750           |
| Exploration expenditures (Notes 6 and 9)      | 2,164,813          | 806,740         |
| Filing and transfer agent fees                | 1,408              | 996             |
| Foreign exchange                              | (2,398)            | 15,345          |
| Insurance                                     | 4,548              | 3,865           |
| Investor relations                            | 107,048            | 39,988          |
| Management fees (Note 9)                      | 37,500             | 37,500          |
| Office and administration (Note 9)            | 22,840             | 15,857          |
| Share-based payments (Notes 7 and 9)          | 59,070             | -               |
| Travel and meals                              | 9,389              | 1,477           |
|                                               | (2,429,783)        | (953,079)       |
| Interest income                               | 439                | -               |
| Unrealized gain on cash equivalents           | 6,702              | -               |
| Loss and comprehensive loss for the period    | \$ (2,422,642)     | \$ (953,079)    |
| Loss per share - basic and diluted            | \$ (0.02)          | \$ (0.01)       |
| Weighted average number of shares outstanding | 107,905,621        | 78,066,360      |

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

# VENDETTA MINING CORP.

Condensed Interim Statement of Changes in Equity  
(Unaudited – expressed in Canadian dollars)

|                                               | Number<br>of shares<br>(Note 7) | Share capital<br>(Note 7) | Share<br>subscriptions<br>receivable | RESERVES                    |                                  | Deficit               | Total equity        |
|-----------------------------------------------|---------------------------------|---------------------------|--------------------------------------|-----------------------------|----------------------------------|-----------------------|---------------------|
|                                               |                                 |                           |                                      | Share<br>option<br>reserves | Warrant<br>and other<br>reserves |                       |                     |
| May 31, 2016                                  | 72,635,396                      | \$ 5,642,607              | \$ (15,000)                          | \$ 312,634                  | \$ 122,438                       | \$ (3,880,074)        | \$ 2,182,605        |
| Share subscriptions received                  | -                               | -                         | 10,000                               | -                           | -                                | -                     | 10,000              |
| Loss and comprehensive<br>loss for the period | -                               | -                         | -                                    | -                           | -                                | (953,079)             | (953,079)           |
| August 31, 2016                               | 72,635,396                      | 5,642,607                 | (5,000)                              | 312,634                     | 122,438                          | (4,833,153)           | 1,239,526           |
| Private placement shares issued               | 21,191,095                      | 4,238,219                 | -                                    | -                           | -                                | -                     | 4,238,219           |
| Warrants exercised                            | 13,490,000                      | 1,349,000                 | -                                    | -                           | -                                | -                     | 1,349,000           |
| Share issuance costs                          | -                               | (214,407)                 | -                                    | -                           | 47,431                           | -                     | (166,976)           |
| Share-based payments                          | -                               | -                         | -                                    | 178,449                     | -                                | -                     | 178,449             |
| Loss and comprehensive<br>loss for the period | -                               | -                         | -                                    | -                           | -                                | (2,107,310)           | (2,107,310)         |
| May 31, 2017                                  | 107,316,491                     | 11,015,419                | (5,000)                              | 491,083                     | 169,869                          | (6,940,463)           | 4,730,908           |
| Warrants exercised                            | 880,000                         | 88,000                    | -                                    | -                           | -                                | -                     | 88,000              |
| Share subscriptions received                  | -                               | -                         | 5,000                                | -                           | -                                | -                     | 5,000               |
| Share-based payments                          | -                               | -                         | -                                    | 59,070                      | -                                | -                     | 59,070              |
| Loss and comprehensive<br>loss for the period | -                               | -                         | -                                    | -                           | -                                | (2,422,642)           | (2,422,642)         |
| August 31, 2017                               | <b>108,196,491</b>              | <b>\$ 11,103,419</b>      | <b>\$ -</b>                          | <b>\$ 550,153</b>           | <b>\$ 169,869</b>                | <b>\$ (9,363,105)</b> | <b>\$ 2,460,336</b> |

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

# VENDETTA MINING CORP.

Condensed Interim Statement of Cash Flows  
(Unaudited – expressed in Canadian dollars)

|                                                | Three months ended  |                    |
|------------------------------------------------|---------------------|--------------------|
|                                                | August 31, 2017     | August 31, 2016    |
| Cash flows used in operating activities:       |                     |                    |
| Loss for the period                            | \$ (2,422,642)      | \$ (953,079)       |
| Items not affecting cash:                      |                     |                    |
| Amortization                                   | 340                 | -                  |
| Share-based payments                           | 59,070              | -                  |
|                                                | <b>(2,363,232)</b>  | <b>(953,079)</b>   |
| Changes in non-cash working capital:           |                     |                    |
| GST / HST receivable                           | (182,174)           | (63,136)           |
| Prepaid expenses                               | (42,537)            | (83,410)           |
| Accounts payable and accrued liabilities       | 120,257             | 13,457             |
|                                                | <b>(2,467,686)</b>  | <b>(1,086,168)</b> |
| Cash flows from financing activities:          |                     |                    |
| Common shares issued for cash                  | 88,000              | -                  |
| Subscriptions received                         | 5,000               | 10,000             |
|                                                | <b>93,000</b>       | <b>10,000</b>      |
| Decrease in cash and cash equivalents          | (2,374,686)         | (1,076,168)        |
| Cash and cash equivalents, beginning of period | 3,897,781           | 1,741,916          |
| Cash and cash equivalents, end of period       | <b>\$ 1,523,095</b> | <b>\$ 665,748</b>  |
| Cash and cash equivalents consist of:          |                     |                    |
| Cash on hand                                   | \$ 519,299          | \$ 665,748         |
| Guaranteed investment certificates             | 1,003,796           | -                  |
|                                                | <b>\$ 1,523,095</b> | <b>\$ 665,748</b>  |

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

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

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## 1. Nature of operations and going concern:

Vendetta Mining Corp. ("the Company" or "Vendetta") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on December 14, 2009. The Company is in the business of exploration and evaluation of mineral resources in Australia. Its common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol VTT. The Company's registered address is: Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is an exploration stage company and engages principally in the acquisition and exploration of resource properties. The recoverability of the amounts shown for exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the resource properties. The amounts shown as exploration and evaluation assets represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has a history of losses with no operating revenue other than interest income and management fees, and an accumulated deficit. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company estimates that it has sufficient funding for the ensuing 12 months of operations.

These condensed interim financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issuance by the Board of Directors on October 30, 2017.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

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## 2. Significant accounting policies (continued):

### (b) Use of estimates and judgments:

The preparation of the condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting 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:

#### Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

#### Deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

#### *Critical accounting judgments*

Examples of significant judgments, apart from those involving estimation, include:

#### Exploration and evaluation assets

Management is required to make judgments on the status of each resource property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

#### Functional currency

The Company applied judgment in determining its functional currency. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

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## 2. Significant accounting policies (continued):

### (c) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

## 3. New standards and interpretations yet to be adopted:

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited condensed interim financial statements for the year ended May 31, 2017.

Certain pronouncements were issued by the IASB or IFRS Interpretations Committee that are not mandatory for future accounting periods. They have not been early adopted in these condensed interim financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below.

The following standards have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

IFRS 15, Revenue from Contracts with Customers, establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The change in accounting standard is unlikely to have a significant impact on the Company's condensed interim financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases, provides a single lessee accounting model for recognition, measurement, presentation and disclosure, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, substantially unchanged from IAS 17, the predecessor to IFRS 16. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The change in accounting standard is unlikely to have a significant impact on the Company's condensed interim financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
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## 4. Prepaid expenses and advances:

Included in prepaid expenses and advances is:

|                                                  | August 31, 2017  | May 31, 2017     |
|--------------------------------------------------|------------------|------------------|
| Prepaid expenses                                 | \$ 13,451        | \$ -             |
| Advances to vendors                              | 6,766            | 6,766            |
| Prepaid expenses and advances to related parties | 53,934           | 24,848           |
|                                                  | <u>\$ 74,151</u> | <u>\$ 31,614</u> |

## 5. Equipment:

|                                           | Computer equipment |
|-------------------------------------------|--------------------|
| Cost, May 31, 2016                        | \$ -               |
| Additions                                 | <u>4,953</u>       |
| Cost, May 31, 2017 and August 31, 2017    | <u>4,953</u>       |
| Accumulated amortization, May 31, 2016    | \$ -               |
| Depreciation for the year                 | <u>(413)</u>       |
| Accumulated amortization, August 31, 2017 | <u>(413)</u>       |
| Depreciation for the period               | <u>(340)</u>       |
| Accumulated amortization, August 31, 2017 | <u>(753)</u>       |
| Net book value, May 31, 2017              | \$ 4,540           |
| Net book value, August 31, 2017           | \$ 4,200           |

## 6. Exploration and evaluation assets:

The Company's resource properties with associated acquisition-related costs that have been capitalized and reflected on the Condensed interim statement of Financial Position are as follows:

|                                | August 31, 2017     | May 31, 2017        |
|--------------------------------|---------------------|---------------------|
| Pegmont, Queensland, Australia | \$ 1,203,063        | \$ 1,203,063        |
|                                | <u>\$ 1,203,063</u> | <u>\$ 1,206,063</u> |

### *Pegmont Property, Queensland, Australia*

In August 2014 the Company entered into an agreement, subsequently amended in December 2015, with Pegmont Mines Limited ("Pegmont") whereby the Company has an option to acquire 100% of the Pegmont property comprising of certain mining leases and exploration tenements by a combination of cash payments, exploration commitments and advanced royalty payments.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

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## 6. Exploration and evaluation assets (continued):

### *Pegmont Property, Queensland, Australia (continued)*

Pursuant to the amended agreement, cash option payments totaling AUD\$2.25 million are as follows: AUD\$250,000 (paid CAD\$254,950) within 2 days of approval of the TSX-V of the transaction; AUD\$150,000 (paid CAD\$150,330 on February 29, 2016); AUD\$350,000 (paid CAD\$357,000 on February 29, 2017); AUD\$500,000 on February 28, 2018; and AUD\$1,000,000 on November 6, 2018. In addition, the Company reimbursed Pegmont for AUD\$350,000 (paid CAD\$356,681) of exploration expenses that they incurred during 2014; these expenditures will be applied to the overall expenditure requirements.

Exploration expenditures for the property comprise a minimum of AUD\$800,000 per year or meeting minimum requirements by the State of Queensland (whichever is greater) by August 10th of each year during the first 3 years of the option for a minimum commitment of AUD\$3.0 million (completed). A minimum 17,000 m of drilling must be completed by August 2018 (completed).

In the event of the Company exercising the option and as part of the final transfer of project titles, the Company has also agreed to pay an advance royalty to Pegmont of AUD\$3 million on November 6, 2018. The Company will receive a royalty credit of the cash option payments of AUD\$2.25 million and advanced royalty for a total of AUD\$5.25 million, to be credited against future royalty payments. Pegmont will retain a royalty right on future concentrate production from the property of 1.25% of net smelter return, subject to the credit of AUD\$5.25 million in favour of the Company. In the case where ore is sold rather than concentrate, a separate royalty formula allows for a royalty of AUD\$1.05 per tonne of ore sold, indexed to lead prices and to be conveyed to Pegmont, again subject to the AUD\$5.25 million credit. Where ore that is sold contains silver at concentrations above 64 ppm, an additional royalty amount is payable, starting at AUD\$0.06 per gram, indexed to the price of silver.

Exploration expenditures are as follows:

|                              | Three months ended<br>Aug 31, 2017 | Three months ended<br>Aug 31, 2016 |
|------------------------------|------------------------------------|------------------------------------|
| Analysis                     | \$ 21,099                          | \$ 22,753                          |
| Drilling                     | 1,564,639                          | 473,971                            |
| Field supplies and equipment | 81,753                             | 42,764                             |
| Geological consulting        | 328,907                            | 175,891                            |
| Geophysics                   | 7,310                              | 5,860                              |
| Meals and accommodations     | 11,097                             | 57,074                             |
| Project management           | 80,052                             | 18,905                             |
| Staking                      | 50,963                             | -                                  |
| Transportation               | 18,993                             | 9,522                              |
| <b>Total for the year</b>    | <b>\$ 2,164,813</b>                | <b>\$ 806,740</b>                  |

During the three months ended August 31, 2017, finders' fees of \$nil (year ended May 31, 2017 - \$39,189 or AUD\$37,500) were paid in connection with the acquisition of the Pegmont property. The Company may pay an additional AUD\$100,000 in finders' fees over the course of the option agreement.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

## 7. Share capital:

### (a) Authorized:

Unlimited common shares without par value.

### (b) Private placements:

The Company did not complete any private placements during the three months ended August 31, 2017. During the three months ended August 31, 2017, the Company received subscriptions in \$5,000 in relation to a private placement completed in fiscal 2016 for gross proceeds of \$2,500,000.

On May 2, 2017 the Company completed a private placement of 21,191,095 units at a price of \$0.20 per unit for gross proceeds of \$4,238,219. Each unit is comprised of one common share and one-half share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.30 per share for a period of two years. In connection with the private placement, the Company paid \$136,756 in finders' fees, issued 667,780 agent warrants valued at \$47,431. The value of the finders' warrants has been determined using the Black-Scholes option pricing model under the following assumptions:

|                          | Finders' Warrants |
|--------------------------|-------------------|
| Risk-free interest rate  | 0.67%             |
| Expected volatility      | 101.03%           |
| Expected life of options | 1.0 year          |
| Expected dividend yield  | Nil               |
| Forfeiture rate          | Nil               |

### (c) Warrants:

At August 31, 2017, the following warrants were outstanding:

| Number<br>outstanding<br>May 31, 2017 | Granted | Exercised | Expired/<br>Cancelled | Number<br>outstanding<br>August 31, 2017 | Exercise<br>price<br>per share | Expiry date  |
|---------------------------------------|---------|-----------|-----------------------|------------------------------------------|--------------------------------|--------------|
| 4,326,887                             | -       | -         | 4,326,887             | -                                        | 0.35                           | Aug 28, 2017 |
| 1,010,000                             | -       | -         | -                     | 1,010,000                                | 0.13                           | Sept 9, 2018 |
| 36,510,000                            | -       | 880,000   | -                     | 35,630,000*                              | 0.10                           | May 5, 2018  |
| 11,263,328                            | -       | -         | -                     | 11,263,328                               | 0.30                           | May 1, 2019  |
| 53,110,215                            | -       | 880,000   | -                     | 47,903,328                               |                                |              |
| \$0.16                                | -       | \$0.10    | -                     | \$0.15                                   | (weighted average)             |              |

\* subsequent to August 31, 2017, 11,050,000 warrants were exercised

| Number<br>outstanding<br>May 31, 2016 | Granted    | Exercised  | Expired/<br>Cancelled | Number<br>outstanding<br>May 31, 2017 | Exercise<br>price<br>per share | Expiry date  |
|---------------------------------------|------------|------------|-----------------------|---------------------------------------|--------------------------------|--------------|
| 4,326,887                             | -          | -          | -                     | 4,326,887*                            | 0.35                           | Aug 28, 2017 |
| 1,010,000                             | -          | -          | -                     | 1,010,000                             | 0.13                           | Sept 9, 2018 |
| 50,000,000                            | -          | 13,490,000 | -                     | 36,510,000**                          | 0.10                           | May 5, 2018  |
| - 11,263,328                          | -          | -          | -                     | 11,263,328                            | 0.30                           | May 1, 2019  |
| 55,336,887                            | 11,263,328 | 13,490,000 | -                     | 53,110,215                            |                                |              |
| \$0.12                                | \$0.30     | 0.10       | -                     | \$0.16                                | (weighted average)             |              |

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

## 7. Share capital (continued):

### (d) Stock options:

The Company has a stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements, but permits the board of directors to specify a vesting schedule in its discretion.

Details of activity in share purchase options for the three months ended August 31, 2017 are as follows:

| Number<br>outstanding<br>May 31, 2017 | Granted | Exercised | Expired/<br>Cancelled | Number<br>outstanding<br>August 31, 2017 | Number<br>exercisable | Exercise<br>price<br>per share | Expiry date  |
|---------------------------------------|---------|-----------|-----------------------|------------------------------------------|-----------------------|--------------------------------|--------------|
| 1,125,000                             | -       | -         | -                     | 1,125,000                                | 1,125,000             | \$0.25                         | Oct 20, 2018 |
| 5,100,000                             | -       | -         | -                     | 5,100,000                                | 1,275,000             | \$0.15                         | Dec 15, 2021 |
| 6,225,000                             | -       | -         | -                     | 6,225,000                                | 2,400,000             | \$0.25                         |              |
| \$0.17                                | -       | -         | -                     | \$0.17                                   | \$0.20                | (weighted average)             |              |

| Number<br>outstanding<br>May 31, 2016 | Granted   | Exercised | Expired/<br>Cancelled | Number<br>outstanding<br>May 31, 2017 | Number<br>exercisable | Exercise<br>price<br>per share | Expiry date  |
|---------------------------------------|-----------|-----------|-----------------------|---------------------------------------|-----------------------|--------------------------------|--------------|
| 1,125,000                             | -         | -         | -                     | 1,125,000                             | 1,125,000             | \$0.25                         | Oct 20, 2018 |
| -                                     | 5,100,000 | -         | -                     | 5,100,000                             | -                     | \$0.15                         | Dec 15, 2021 |
| 1,125,000                             | 5,100,000 | -         | -                     | 6,225,000                             | 1,125,000             | \$0.25                         |              |
| \$0.25                                | \$0.15    | -         | -                     | \$0.17                                | \$0.25                | (weighted average)             |              |

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the three months ended August 31, 2017 was \$nil (2016 – \$nil). During the three months ended August 31, 2017, the Company recognized \$59,070 (2016 - \$nil) in share-based payments for the fair value of the vesting portion of the stock options that were granted in the prior years. The following weighted average assumptions used in the calculation of fair value are as follows:

|                          | Three months ended<br>August 31, 2017 | Three months ended<br>August 31, 2016 |
|--------------------------|---------------------------------------|---------------------------------------|
| Risk-free interest rate  | N/A                                   | N/A                                   |
| Expected volatility      | N/A                                   | N/A                                   |
| Expected life of options | N/A                                   | N/A                                   |
| Expected dividend yield  | N/A                                   | N/A                                   |
| Forfeiture rate          | N/A                                   | N/A                                   |

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

## 8. Segmented information:

The Company's business consists of one reportable segment being resource exploration. Details about geographic areas as at August 31, 2017 and May 31, 2017 are as follows:

|                       | Non-current assets |
|-----------------------|--------------------|
| As at August 31, 2017 |                    |
| Australia             | \$ 1,203,063       |
| Total                 | \$ 1,203,063       |
| As at May 31, 2017    |                    |
| Australia             | \$ 1,203,063       |
| Total                 | \$ 1,203,063       |

## 9. Related party transactions:

- (a) Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

|                                                                                                                                                             | Three months ended<br>August 31, 2017 | Three months ended<br>August 31, 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Management fees, consulting fees, office administration and accounting fees to key management personnel or companies controlled by key management personnel | \$ 55,000                             | \$ 58,500                             |
| Directors fees to directors or companies controlled by directors                                                                                            | 10,500                                | 6,750                                 |
| Geological consulting fees to a company controlled by a director                                                                                            | 45,000                                | 28,500                                |
| Office, administration, rent and accounting costs to companies controlled by key management                                                                 | 13,013                                | 12,702                                |
| Share-based compensation                                                                                                                                    | 49,804                                | -                                     |
| Total                                                                                                                                                       | \$ 173,317                            | \$ 106,452                            |

- (b) Amounts due to related parties at the reporting dates include:

|                                                                                             | August 31, 2017 | May 31, 2017 |
|---------------------------------------------------------------------------------------------|-----------------|--------------|
| Amounts due to key management personnel or companies controlled by key management personnel | \$ 3,050        | \$ 49,587    |
| Amounts due to related parties                                                              | \$ 3,050        | \$ 49,587    |

Amounts due to related parties are unsecured, have no fixed terms of repayment, are non-interest bearing, and are included in accounts payable and accrued liabilities. Prepaid amounts are disclosed in note 4.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
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Three months ended August 31, 2017 and 2016

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## 10. Financial instruments:

IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company’s cash is classified as Level 1 of the fair value hierarchy. The carrying values of GST/HST receivable and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

### (a) Financial risk factors and capital management:

#### *Credit risk*

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company’s credit risk is primarily attributable to its liquid financial assets of cash. The carrying value of this instrument represents the Company’s maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

#### *Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 10(b) of these condensed interim financial statements. The Company’s expenditure commitments, pursuant to option agreements related to resource properties, are disclosed in note 6.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company’s interest bearing financial assets is comprised of cash, which bears interest at fixed and variable rates. The Company is not exposed to material interest rate risk.

# VENDETTA MINING CORP.

Notes to Condensed Interim Financial Statements  
(Unaudited – expressed in Canadian dollars)

Three months ended August 31, 2017 and 2016

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## 10. Financial instruments (continued):

- (a) Financial risk factors and capital management (continued):

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar and assets and liabilities are translated based on the foreign currency translated method described in note 2(c). The Company does not enter into any foreign exchange hedging contracts.

- (b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

## 11. Subsequent events:

Subsequent to August 31, 2017 the Company:

- (a) issued 11,050,000 common shares upon the exercise of 11,050,000 warrants at a price of \$0.10 per share for gross proceeds of \$1,105,000; and
- (b) issued 4,850,000 stock options to directors, officers, employees, and consultants, each option exercisable at a price of \$0.30 per share until October 17, 2022.