

**Aston Bay Holdings Ltd.**

**Condensed Interim Consolidated Financial Statements**

**Nine Months ended December 31, 2016 and 2015**

**(Expressed in Canadian Dollars)**

Notice of No Auditor Review of Interim Financial Statements

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

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

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

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	December 31, 2016	March 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,222,206	\$ 302,937
Receivable from project (note 3)	586,045	-
Tax recoverable	153,100	19,876
Accounts receivable	17,425	24,219
Prepaid expenses	26,141	226,821
<b>Total current assets</b>	<b>2,004,917</b>	<b>573,853</b>
<b>Mineral properties and deferred exploration expenditures (note 3)</b>	<b>5,043,436</b>	<b>5,603,248</b>
<b>Total assets</b>	<b>\$ 7,048,353</b>	<b>\$ 6,177,101</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	\$ 239,989	\$ 407,670
<b>Total liabilities</b>	<b>239,989</b>	<b>407,670</b>
<b>Shareholders' equity</b>		
Share capital (note 5)	9,723,120	7,781,380
Contributed surplus	1,494,333	1,080,091
Deficit	(4,409,089)	(3,092,040)
<b>Total shareholders' equity</b>	<b>6,808,364</b>	<b>5,769,431</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,048,353</b>	<b>\$ 6,177,101</b>

**Going concern (note 1)**

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

Approved by the Board

Signed:

"Benjamin Cox"

Director

"Jan-Erik Back"

Director

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Shares	Amount			
<b>Balance, March 31, 2015</b>	<b>30,519,768</b>	<b>\$ 3,616,591</b>	<b>\$ 717,093</b>	<b>\$ (2,303,600)</b>	<b>\$ 2,030,084</b>
Issuance of flow-through shares	1,530,000	191,250	-	-	191,250
Issuance of non-flow-through shares	4,485,000	448,500	-	-	448,500
Premium on flow-through shares	-	(38,250)	-	-	(38,250)
Issuance of warrants	-	(175,803)	175,803	-	-
Exercise of warrants	450,000	93,805	(26,305)	-	67,500
Issuance of shares for debt	2,238,321	248,325	-	-	248,325
Stock-based compensation	-	-	13,800	-	13,800
Loss and comprehensive loss for the period	-	-	-	(323,740)	(323,740)
<b>Balance, December 31, 2015</b>	<b>39,223,089</b>	<b>\$ 4,384,418</b>	<b>\$ 880,391</b>	<b>\$ (2,627,340)</b>	<b>\$ 2,637,469</b>
Issuance of shares to Commander	11,000,000	2,530,000	-	-	2,530,000
Issuance of non-flow-through shares	4,420,000	884,000	-	-	884,000
Share issuance costs	-	(17,038)	-	-	(17,038)
Issuance of shares for finders fees	129,500	-	-	-	-
Stock-based compensation	-	-	199,700	-	199,700
Loss and comprehensive loss for the period	-	-	-	(464,700)	(464,700)
<b>Balance, March 31, 2016</b>	<b>54,772,589</b>	<b>\$ 7,781,380</b>	<b>\$ 1,080,091</b>	<b>\$ (3,092,040)</b>	<b>\$ 5,769,431</b>
Issuance of common shares	4,000,000	1,800,000	-	-	1,800,000
Exercise of stock options	560,000	166,390	(54,390)	-	112,000
Exercise of warrants	190,000	62,768	(13,268)	-	49,500
Share issuance costs	-	(87,418)	-	-	(87,418)
Stock-based compensation	-	-	481,900	-	481,900
Loss and comprehensive loss for the period	-	-	-	(1,317,049)	(1,317,049)
<b>Balance, December 31, 2016</b>	<b>59,522,589</b>	<b>\$ 9,723,120</b>	<b>\$ 1,494,333</b>	<b>\$ (4,409,089)</b>	<b>\$ 6,808,364</b>

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

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

	Three Months		Nine Months	
	2016	2015	2016	2015
<b>Expenses</b>				
Salaries ( <i>note 4</i> )	\$ 35,847	\$ -	\$ 52,389	\$ -
Consulting fees ( <i>note 4</i> )	65,533	68,489	249,352	190,263
Professional fees ( <i>note 4</i> )	19,344	17,891	135,746	41,911
Marketing	83,504	6,636	119,798	6,636
Travel	43,978	13,644	79,190	20,811
Filing and agency fees	7,267	4,187	26,124	9,712
General and administrative expenses	24,644	12,533	60,050	78,857
Stock-based compensation ( <i>note 5</i> )	-	13,800	481,900	13,800
Field equipment standby charge ( <i>note 4</i> )	-	-	112,500	-
Premium on flow-through shares	-	-	-	(38,250)
	<b>280,117</b>	<b>137,180</b>	<b>1,317,049</b>	<b>323,740</b>
<b>Loss and comprehensive loss</b>	<b>\$ (280,117)</b>	<b>\$ (137,180)</b>	<b>\$ (1,317,049)</b>	<b>\$ (323,740)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common common shares outstanding</b>	<b>59,512,806</b>	<b>38,804,455</b>	<b>58,086,353</b>	<b>35,511,868</b>
-basic and diluted				

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

**Aston Bay Holdings Ltd.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

	2016	2015
<b>Cash flow used in operating activities</b>		
Loss for the period	\$ (1,317,049)	\$ (323,740)
Items not affecting cash:		
Stock-based compensation	481,900	13,800
Premium on flow-through shares	-	(38,250)
	<b>(835,149)</b>	<b>(348,190)</b>
Non-cash working capital items <i>(note 6)</i>	<b>(679,476)</b>	155,429
	<b>(1,514,625)</b>	<b>(192,761)</b>
<b>Cash flow used in investment activities</b>		
Mineral properties and deferred exploration expenditures	<b>(5,193,114)</b>	(513,587)
	<b>(5,193,114)</b>	<b>(513,587)</b>
<b>Cash flow from financing activities</b>		
Proceeds from the issuance of common stock	1,800,000	-
Proceeds from issuance of units	-	448,500
Proceeds from issuance flow-through units	-	191,250
Proceeds from the exercise of stock options	112,000	-
Proceeds from the exercise of warrants	49,500	67,500
Share issuance costs	(87,418)	-
Project funding by BHP Billiton	5,053,842	-
Operator's fees	374,084	-
Payment received on signing of Option Agreement with BHP Billiton	325,000	-
	<b>7,627,008</b>	<b>707,250</b>
<b>Increase in cash</b>	<b>919,269</b>	902
<b>Cash, beginning of year</b>	<b>302,937</b>	48,256
<b>Cash, end of period</b>	<b>\$ 1,222,206</b>	<b>\$ 49,158</b>
<b>Non-cash investing and financing activity</b>		
Issuance of common stock for debt	\$ -	\$ 248,325

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

## **Aston Bay Holdings Ltd.**

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

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### **1. Nature of the Company and Going Concern**

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Aston Bay Holdings Ltd. ("Aston Bay" or the "Company") is a publicly listed company incorporated in British Columbia, Canada. The Company's registered address is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8. The Company is engaged in copper and zinc exploration and development and is currently focused on advancing its Storm Copper project on Somerset Island, Nunavut, Canada.

For the nine months ended December 31, 2016, the Company incurred a loss of \$1,317,049 and had an accumulated deficit of \$4,409,089 at December 31, 2016. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. These consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The recoverability of the amounts shown for mineral properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral properties, the ability of the Company to secure continued financial support to develop its mineral properties, and the attainment of future profitable production.

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

### **2. Basis of Presentation**

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These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. As such these statements do not contain all the explanatory notes, descriptions or accounting policies or other disclosures that can be found in the Company's 2016 audited annual consolidated financial statements and thus should be read in conjunction with the audited annual consolidated financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2016 audited annual consolidated financial statements.

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

### 3. Mineral properties and Deferred Exploration Expenditures

Mineral properties and deferred exploration expenditures consist of:

#### Storm Copper Project

<b>Balance, March 31, 2015</b>	<b>\$ 2,507,945</b>
Exploration and evaluation expenditures	565,303
Acquisition of claims from Commander	2,530,000
<b>Balance, March 31, 2016</b>	<b>\$ 5,603,248</b>
Exploration and evaluation expenditures	5,193,114
Project funding under Option Agreement with BHP Billiton	(5,053,842)
Operator's fees earned	(374,084)
Payment received from BHP Billiton on closing of Option Agreement	(325,000)
<b>Balance, December 31, 2016</b>	<b>\$ 5,043,436</b>

During the period, the Company advanced the Storm Copper Project ("Storm") in conjunction with a Canadian subsidiary of BHP Billiton ("BHP Billiton") under the terms of an option agreement signed May 27, 2016 (the "Project").

The terms of the option agreement (the "Option Agreement") permitted BHP Billiton to earn a 75% interest in the Storm Copper Project, by spending a minimum of \$40,000,000 on exploration at Storm within nine years (including a minimum of \$2,500,000 within two years - completed) of signing the Option Agreement. BHP Billiton also paid Aston Bay \$325,000 at the time of closing the Option Agreement. The Option Agreement was terminated subsequent to the period end. See note 7.

The Company acted as the operator of the Project during the period and earned an operator's fee dependent on the type of expenditure made. During the period, \$374,084 of such fees were earned. During the period, BHP Billiton advanced the company \$4,586,440 toward the Project and \$5,053,842 of expenditures were incurred on the Project. As at December 31, 2016 the Company has a receivable balance of \$586,045 related to the Project, including operator's fees of \$118,643.

During the period, the Company also incurred \$139,272 in exploration expenditures independent of BHP Billiton's obligations.

The 2016 summer exploration program conducted during the period included:

- 1,951.1 metres of drilling;
- relogging of existing drill core;
- surface mapping and regional soil sampling over a 120 kilometre strike length to develop new targets for future seasons; and
- prospecting to investigate promising contacts and structures.

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

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### 4. Related-Party Transactions and Balances

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The Company's related parties include the following:

Benjamin Cox	Director and Officer
Clifford Boychuk	Director
Michael Dufresne	Director and Consultant
Ian McPherson	Director
Jan-Erik Back, appointed August 17, 2006	Director, previously Advisory Board Member
Joseph Chiumminto, ceased August 17, 2016	Director
John Hayes	Advisory Board Member
Joel Schneyer, appointed May 18, 2016	Advisory Board Member
Thomas Ullrich	Director and Officer
Dwight Walker, appointed May 18, 2016	Officer
Moshe Cohen, ceased May 17, 2016	Officer
Iris Cox	Employee and spouse of Benjamin Cox

The Company entered into the following related party transactions during the period:

- a) Pursuant to a management and administrative services agreement with Oren Inc., a company majority owned by Benjamin Cox, the Company was charged \$95,374 during the nine months ended December 31, 2016 (2015 - \$83,295) in fees for consulting services provided by Oren Inc. Amounts payable as at December 31, 2016 were \$6,082 (March 31, 2016 – \$13,913). The agreement with Oren Inc. was terminated on October 31, 2017.
- b) During the nine months ended December 31, 2016 consulting fees in the amount of \$38,553 (2015 - \$15,010) were charged by Iris Cox, for services as in-house legal counsel, and included in professional fees. Amounts payable as at December 31, 2016 were \$nil (March 31, 2016 - \$37,875). On December 15<sup>th</sup>, Ms. Cox began as an employee of the Company and the consulting arrangement was terminated. Salaries of \$2,708 were accrued during the period.
- c) Pursuant to an executive services agreement with Benjamin Cox and Associates, the Company was charged \$83,857 during the nine months ended December 31, 2016 (2015 - \$93,574) for consulting services provided by Benjamin Cox. Amounts payable as at December 31, 2016 were \$nil (March 31, 2016 - \$42,760). On November 28<sup>th</sup> Mr. Cox began as an employee of the Company and the agreement with Benjamin Cox and Associates was terminated. Salaries of \$8,750 were accrued during the period.
- d) Moshe Cohen acted as Chief Financial Officer of the Company until May 17, 2016. During the nine months ended December 31, 2016, fees in the amount of \$13,805 (2015 - \$23,394), were charged by Mr. Cohen for his services as Chief Financial Officer, and included in consulting fees. Amounts payable at December 31, 2016 were \$nil (March 31, 2016 - \$25,068).
- e) Fees in the amount of \$346,994 (2015 – \$305,832) were charged by APEX Geoscience Ltd., a mining and engineering firm controlled by Michael Dufresne. \$336,811 of these fees have been capitalized in mineral properties and deferred exploration expenditures and \$10,183 have been expensed. Amounts payable as at December 31, 2016 were \$13,153 (March 31, 2016 - \$33,334).

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

### 4. Related-Party Transactions and Balances - continued

- f) Salaries in the amount of \$109,333 were recorded in respect of the employment of Mr. Thomas Ullrich, the Company's Executive Vice President – Exploration and Chief Operating Officer. The salaries were recorded as follows: \$76,837 - deferred exploration expenditures; \$32,496 – salaries expense. Amounts payable to Mr. Ullrich as at December 31, 2016 were \$nil (March 31, 2016 - \$17,500).
- g) Dwight Walker acted as Chief Financial Officer of the Company commencing May 18, 2016. During the nine-month period ended December 31, 2016 the Company was charged \$31,250 for Mr. Walker's services as Chief Financial Officer by Target Financial Services Inc., a company controlled by Mr. Walker. The fees are reflected in consulting fees. There were no amounts payable to Target Financial Services Inc. at December 31, 2016.
- h) During the period, the Company finalized an agreement with and paid \$112,500 to Lone Peak Drilling (0820603 B.C. Ltd.), a company owned by Clifford Boychuk. The charge was in connection with Lone Peak's provision of drilling equipment on-site at the Storm Copper Project during the fifteen month period following conclusion of the prior year's exploration program.

These transactions were in the normal course of business and were measured at the exchange amount. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

### 5. Share Capital

#### Common Stock

**Authorized** - Unlimited number of common shares without par value.

**Issued** - The continuity of issued and outstanding shares is as follows:

	Number of Shares	Amount
<b>Balance, March 31, 2016</b>	<b>54,772,589</b>	<b>\$ 7,781,380</b>
Warrants exercised (i)	50,000	10,423
Private placement – July 11, 2016, net (ii)	4,000,000	1,712,582
Warrants exercised (iii)	140,000	52,345
Options exercised (iv)	50,000	15,660
Options exercised (v)	210,000	69,880
Options exercised (vi)	75,000	20,210
Options exercised (vii)	225,000	60,640
<b>Balance, December 31, 2016</b>	<b>59,522,589</b>	<b>\$ 9,723,120</b>

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

### 5. Share Capital - continued

- (i) On May 12, 2016, the Company issued a total of 50,000 common shares upon the exercise of warrants. The price per share was \$0.15, for gross proceeds totalling \$7,500. The fair value of \$2,923 related to the warrants exercised was reclassified from contributed surplus to share capital.
- (ii) On July 11, 2016, the Company closed a non-brokered private placement, issuing 4,000,000 common shares at a price of \$0.45 per share, for gross proceeds of \$1,800,000. In connection with the financing, finder's fees of \$81,000, legal fees of \$4,723 and other costs of \$1,695 were paid.
- (iii) On August 5, 2016, the Company issued a total of 140,000 common shares upon the exercise of warrants. The price per share was \$0.30, for gross proceeds totalling \$42,000. The fair value of \$10,345 related to the warrants exercised was reclassified from contributed surplus to share capital.
- (iv) On August 8, 2016, the Company issued a total of 50,000 common shares upon the exercise of options. The price per share was \$0.20, for gross proceeds totalling \$10,000. The fair value of \$5,660 related to the options exercised was reclassified from contributed surplus to share capital.
- (v) On August 24, 2016, the Company issued a total of 210,000 common shares upon the exercise of options. The price per share was \$0.20, for gross proceeds totalling \$42,000. The fair value of \$27,880 related to the options exercised was reclassified from contributed surplus to share capital.
- (vi) On September 12, 2016, the Company issued a total of 75,000 common shares upon the exercise of options. The price per share was \$0.20, for gross proceeds totalling \$15,000. The fair value of \$5,210 related to the options exercised was reclassified from contributed surplus to share capital.
- (vii) On October 5, 2016, the Company issued a total of 225,000 common shares upon the exercise of options. The price per share was \$0.20, for gross proceeds totalling \$45,000. The fair value of \$15,640 related to the options exercised was reclassified from contributed surplus to share capital.

#### Stock Options

The continuity of share purchase options is as follows:

	Number of Options	Weighted average exercise price
<b>Outstanding, March 31, 2016</b>	<b>3,845,000</b>	<b>\$ 0.20</b>
Options granted (i)	1,400,000	0.40
Options exercised	(560,000)	0.20
<b>Outstanding, December 31, 2016</b>	<b>4,685,000</b>	<b>\$ 0.26</b>

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

### 5. Share Capital - continued

- (i) On May 18, 2016, the Company granted 1,400,000 options exercisable until May 18, 2023 at an exercise price of \$0.40 per share to Directors, Officers, Advisors and Consultants of the Company. The stock options were valued at \$481,900 using the Black-Scholes option-pricing model with the following assumptions: expected life of five years, risk-free rate of 0.71%, expected dividend yield of 0%, and expected volatility of 150%. The share price at the time of the grant was \$0.38. The options were vested at the time of issue and the fair value amount of \$481,900 was included in stock-based compensation for the period.

As at December 31, 2016, the following options were outstanding and exercisable:

<b>Expiry Date</b>	<b>Average Remaining Contractual Life (in years)</b>	<b>Number of Options</b>	<b>Exercise Price</b>
August 30, 2020	3.7	1,565,000	\$ 0.20
October 20, 2020	3.8	125,000	0.15
October 27, 2021	4.8	555,000	0.20
February 1, 2023	6.1	1,040,000	0.20
May 18, 2023	6.4	1,400,000	0.40
	<b>5.2</b>	<b>4,685,000</b>	

During the period the Company recognized \$481,900 (2015 - \$13,800) in stock-based compensation. As of December 31, 2016, all options issued under the Plan were fully vested.

#### Warrants

The continuity of share purchase warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted average exercise price</b>
<b>Outstanding, March 31, 2016</b>	<b>2,838,710</b>	<b>\$ 0.17</b>
Warrants exercised	(190,000)	(0.26)
<b>Outstanding, December 31, 2016</b>	<b>2,648,710</b>	<b>\$ 0.16</b>

## Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

### 5. Share Capital - continued

As at December 31, 2016, the following warrants were outstanding and exercisable:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
December 31, 2016	141,210	0.30
January 13, 2018	2,507,500	0.15
	<b>2,648,710</b>	

### 6. Additional Cash Flow Information

The net change in non-cash working capital consists of the following:

	<b>December 31, 2016</b>	December 31, 2015
Receivable from project	\$ (586,045)	\$ -
Tax recoverable	(133,224)	(5,962)
Accounts receivable	6,794	-
Prepaid expenses	200,680	-
Accounts payable	(167,681)	161,391
	<b>\$ (679,476)</b>	<b>\$ 155,429</b>

### 7. Subsequent Event

Subsequent to the period end, on January 20, 2017, the Company received notice from BHP Billiton Ltd. that it intends to formally terminate its Option Agreement for the Storm Copper Project.