GROUP TEN METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2016

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

GROUP TEN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Unaudited
(Expressed in Canadian Dollars)

	December 31, 2016	March 31, 2016
ASSETS	**$**	$
Current		
Cash	**87,580**	5,618
Accounts receivable	**16,218**	7,241
Prepaid expenses	**15,000**	-
	118,798	12,859
Non-Current		
Exploration and evaluation assets (Notes 3 and 8)	**226,842**	138,568
	345,640	151,427
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**615,521**	693,614
Due to related parties (Note 7)	**262,768**	250,476
Short-term loans (Note 4)	**324,000**	19,000
	1,202,289	963,090
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 6)	**7,677,403**	7,511,002
Share-based payments reserve	**24,073**	51,886
Deficit	**(8,558,125)**	(8,374,551)
	(856,649)	(811,663)
	345,640	151,427

Approved on behalf of the Board:
_*"Mike Rowley"*______ , Director
_*"Bill Harris"*________ , Director

GROUP TEN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Expenses				
Consulting	**26,020**	34,347	**91,610**	89,017
Exploration and evaluation expenditures (recovery) (Note 3(f))	**89,039**	(941)	**140,456**	459
Investor relations	**1,298**	528	**4,290**	3,240
Office and administration	**14,028**	26,676	**89,121**	31,088
Professional fees	**25,253**	572	**26,625**	17,572
Transfer agent, regulatory and filing fees	**7,196**	1,768	**16,283**	7,871
Travel and promotion	**3,916**	17,302	**53,139**	17,807
	166,750	80,252	**421,524**	167,054
Other Items				
Gain on settlement of debt (Note 5)	**-**	-	**(210,137)**	-
Write-off of exploration and evaluation assets assets (Note 3(e))	**-**	-	**-**	187,565
Other income	**-**	-	**-**	(313)
	-	-	**(210,137)**	187,252
Net loss and comprehensive loss for the period	**(166,750)**	(80,252)	**(211,387)**	(354,306)
Basic and diluted loss per share (Note 6(b))	**$ (0.04)**	$ (0.03)	**$ (0.05)**	$ (0.13)
Basic and diluted weighted average number of shares outstanding (Note 6(b))	**4,720,612**	2,659,704	**4,607,243**	2,659,704

GROUP TEN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited)
(Expressed in Canadian Dollars)

	Number of shares (Note 6(b))	Share capital	Share-based payments reserve	Deficit	Total
		$	$	$	$
Balance, March 31, 2015	**2,659,704**	**7,265,752**	**120,786**	**(8,318,684)**	**(932,146)**
Net loss for the period	-	-	-	(354,306)	(354,306)
Shares issued for property (Note 6(b))	435,715	91,500	-	-	91,500
Expiry of stock options and warrants	-	-	(46,643)	46,643	-
Balance, December 31, 2015	**3,095,419**	**7,357,252**	**74,143**	**(8,626,347)**	**(1,194,952)**
Net income for the period	-	-	-	229,539	229,539
Shares issued for debt (Note 5)	878,572	153,750	-	-	153,750
Expiry of stock options and warrants	-	-	(22,257)	22,257	-
Balance, March 31, 2016	**3,973,991**	**7,511,002**	**51,886**	**(8,374,551)**	**(811,663)**
Net loss for the period	-	-	-	(211,387)	(211,387)
Shares issued for debt (Note 5)	461,839	113,151	-	-	113,151
Shares issued for properties (Notes 3 and 6(b))	292,857	53,250	-	-	53,250
Expiry of stock options and warrants	-	-	(27,813)	27,813	-
Balance, December 31, 2016	**4,728,687**	**7,677,403**	**24,073**	**(8,558,125)**	**(856,649)**

See accompany notes to the condensed consolidated interim financial statements.

GROUP TEN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2016
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(166,750)**	(80,252)	**(211,387)**	(354,306)
Items not involving cash:				
Gain on settlement of debt	**-**	-	**(210,137)**	-
Write-off of exploration and evaluation assets	**-**	-	**-**	187,565
	(166,750)	(80,252)	**(421,524)**	(166,741)
Net change in non-cash working capital (Note 8)	**111,297**	96,027	**233,510**	165,912
Cash provided by (used in) operating activities	**(55,453)**	15,775	**(188,014)**	(829)
Investing Activities				
Exploration and evaluation assets expenditures	**(18,269)**	(21,231)	**(18,269)**	(21,231)
Acquisition of mineral properties	**-**	4,296	**(16,755)**	-
Reclamation bond recovery	**-**	-	**-**	3,000
Cash used in investing activities	**(18,269)**	(16,935)	**(35,024)**	(18,231)
Financing Activities				
Repayment of related party loan	**-**	(11,000)	**-**	-
Receipt of short-term loans (Note 4)	**25,000**	11,000	**305,000**	11,000
Cash provided by financing activities	**25,000**	-	**305,000**	11,000
Net increase (decrease) in cash	**(48,722)**	(1,160)	**81,962**	(8,060)
Cash, beginning of period	**136,302**	2,285	**5,618**	9,185
Cash, end of period	**87,580**	1,125	**87,580**	1,125

Supplemental cash flow information (Note 8)

1. NATURE OF OPERATIONS AND GOING CONCERN

Group Ten Metals Inc. (the "**Company**"), was incorporated on April 28, 2006, under the laws of British Columbia, Canada, under the name ABC Mining Ventures Inc. ("**ABC**"). On October 11, 2007, ABC changed its name to Dundee Mines Ltd., on May 27, 2008, to Duncastle Gold Corp. and on February 25, 2015, to Group Ten Metals Inc. The Company's principal business activities include the acquisition and exploration of mineral properties.

The Company's registered office is 900 - 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect current or future value.

These condensed interim consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2016, the Company had a working capital deficiency of $1,083,491 (March 31 2016: $950,231). The Company had a net loss of $211,387 for the nine months ended December 31, 2016 (2015: $354,306) and had an accumulated deficit of $8,558,125 as at December 31, 2016 (March 31, 2016: $8,374,551).

As at December 31, 2016, the Company does not have sufficient working capital to meet its administrative overheads and continue with its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. To finance future activities, the Company will be required to enter into joint venture agreements and/or issue share capital, through private placements and the exercise of options and warrants, and is actively seeking additional equity financing. There can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern. These interim consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB and include the accounts of the Company and its wholly-owned subsidiary, Yankee Girl Resources Corp., incorporated in British Columbia, Canada. All inter-company transactions and balances have been eliminated upon consolidation.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2016 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

These condensed consolidated interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these condensed consolidated interim financial statements on February 25, 2017.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation acquisition costs for the nine months ended December 31, 2016 were as follows:

	Yukon Properties	Duke Island	Drayton	Black Lake	Total
	$	$	$	$	$
Balance, March 31, 2016	65,068	60,000	7,500	6,000	138,568
Cash	-	-	-	5,000	5,000
Shares issued	4,500	-	7,500	41,250	53,250
Staking	1,427	7,574	-	10,163	19,164
Filing and maintenance fees	-	2,803	7,625	432	10,860
Balance, December 31, 2016	70,995	70,377	22,625	62,845	226,842

a) Yukon Properties

The Company has option agreements to acquire a 100% interest in four platinum group properties totaling over 240 square kilometres in the Kluane Ultramafic Belt in southwestern Yukon. Terms of the agreements are as follows:

CKR

The Company owns a 100% interest in the claims.

Spy

In order to obtain a 100% interest in the Spy Property, the Company must issue 21,429 post-consolidation common shares (see Note 6(b)) on or before October 19, 2017 and a further 21,429 post-consolidation common shares on or before October 19, 2018.

See Note 6(b) for disclosure on the number of shares that were issued during the nine months ended December 31, 2016 and 2015 in relation to the Spy Property.

The claims are also subject to a 3% Net Smelter Return ("**NSR**"), with an option to buy down to 1% for $1,500,000.

3. EXPLORATION AND EVALUATION ASSETS (continued)

a) Yukon Properties (continued)

Catalyst

The original agreement was amended on March 24, 2016 to update the terms of the option to the following:

- Issue 28,571 post-consolidation common shares to Ashburton Ventures Inc. ("**Ashburton**") within 5 days of regulatory approval;
- Pay $10,000 to Ashburton within 90 days of obtaining regulatory approval;
- Provide Ashburton proof of payment of invoices totaling $28,062 within 90 days of obtaining regulatory approval,
- Issue 500,000 post-consolidation common shares to Denali Resources Ltd. ("**Denali**") within 5 days of regulatory approval;
- Issue 250,000 post-consolidation common shares to Denali on or before 12 months from the date of regulatory approval; and
- Issue 250,000 post-consolidation common shares to Denali on or before 24 months from the date of regulatory approval.

As of the date of filing of these financial statements, regulatory approval has not yet been received.

Ultra

In order to obtain a 100% in the Ultra Property, the Company has the following remaining commitments:

- Pay $10,000, and incur aggregate exploration expenditures of $28,000 on or before February 10, 2016;
- Pay $15,000 and issue 28,571 post-consolidation common shares and incur aggregate exploration expenditures of $150,000 on or before February 10, 2017;
- Pay $20,000 and incur aggregate exploration expenditures of $300,000 on or before February 10, 2018; and
- Pay $25,000 and incur aggregate exploration expenditures of $500,000 on or before February 10, 2019.

The claims are also subject to a 2% NSR, with an option to buy down to 1% for $1,000,000.

Subsequent to December 31, 2016, the Company made a cash payment of $70,000 to the Ultra Property owner, which satisfies all remaining cash commitments on the Ultra Property. The parties are working together to renegotiate the remaining share issuance and exploration expenditure commitments.

b) Duke Island

Pursuant to a binding Letter of Intent dated August 28, 2015, the Company may acquire 31 unpatented mineral claims located on Duke Island, Alaska.

To acquire the claims, the Company is required to issue 285,714 post-consolidation common shares upon regulatory approval (issued). See Note 6(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2015 in relation to the Duke Island Property.

3. EXPLORATION AND EVALUATION ASSETS (continued)

b) Duke Island (continued)

In addition, a contracted amount of $200,000 worth of geological and/or geophysical expenditures will be granted to a specified vendor to be completed at Duke Island or on the Company's Yukon properties. Should less than this amount of expenditure be awarded within three years, ten per cent of the difference will become payable in cash.

The claims are also subject to a 1% NSR.

c) Drayton

In order to obtain a 100% interest in 7 mineral claims located in the Patricia Mining Division near Sioux Lookout, Ontario, the Company must issue 35,714 post-consolidation common shares on or before October 1, 2017 and a further 142,857 post-consolidation common shares on or before October 1, 2018.

See Note 6(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2016 and 2015 in relation to the Drayton Property.

The claims are also subject to a 1% NSR upon commencement of commercial production.

d) Black Lake

(i) In order to obtain a 100% interest in 19 mineral claims located in the Patricia Mining Division near Sioux Lookout, Ontario, the Company has the following remaining commitments:

- $25,000 on or before September 30, 2016 (outstanding);
- $30,000 on or before September 30, 2017; and
- $50,000 on or before September 30, 2018.

The claims are subject to a 2% NSR upon commencement of commercial production, with an option to buy down to 1% for $1,000,000.

(ii) To further consolidate the area between the Black Lake and Drayton Properties, the Company:

a. entered into an option agreement to earn an undivided 100% interest in 6 mineral claims. The Company has the following remaining cash commitments:

- $16,000 on December 30, 2017;
- $20,000 on December 30, 2018; and
- $30,000 on December 30, 2019.

The claims are subject to a 2% NSR upon commencement of commercial production, with an option to buy down to 1% for $1,000,000 any time up to the commencement of commercial production.

3. EXPLORATION AND EVALUATION ASSETS (continued)

d) Black Lake (continued)

b. entered into an option agreement to earn an undivided 100% interest in 5 mineral claims. The Company has the following remaining commitments:

- Pay $10,000 and issue 28,571 post-consolidation common shares on or before March 11, 2016 (both outstanding);
- Pay $10,000 and issue 28,571 post-consolidation common shares on or before March 11, 2017;
- Incur expenditures of $50,000 on or before December 31, 2017;
- Pay $10,000 and issue 28,571 post-consolidation common shares on or before March 11, 2018;
- Incur additional expenditures of $150,000 on or before December 31, 2018;
- Pay $10,000 and issue 28,571 post-consolidation common shares on or before March 11, 2019;
- Incur additional expenditures of $200,000 on or before December 31, 2019;
- Incur additional expenditures of $250,000 on or before December 31, 2020;
- Incur additional expenditures of $300,000 on or before December 31, 2021; and
- Incur additional expenditures of $300,000 on or before December 31, 2022.

The claims are subject to a 3% NSR upon commencement of commercial production, with an option to buy down to 2% for $1,000,000.

The Company has been informed by the vendor that it is in default of the option agreement and the parties are working in good faith to restore the agreement.

See Note 6(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2016 and 2015 in relation to the Black Lake Property.

e) Yankee Dundee / Ronoke / Warkentin

Yankee Dundee consists of 26 Crown-granted mineral claims located in the Nelson Mining District near Ymir, British Columbia.

On June 25, 2013, the Company closed the sale of its interests and obligations in the properties to Armex Mining Corp. ("**Armex**") in exchange for advance royalty payments, royalty payments, and production payments. Due to uncertainty surrounding completion of the transaction, the Company did not initially recognize the transaction as a sale.

Ronoke and Warkentin are also located in the Nelson Mining District. Subsequent to the sale agreement, all non-core Ronoke claims were allowed to lapse. Additionally, non-core Warkentin claims were allowed to lapse and the property now consists of nil mineral claims (2015 - 9 mineral claims).

The remaining terms of the agreement are as follows:

(i) Armex is to pay remaining advance royalty payments of:

- $50,000 on or before August 28, 2015 (unpaid); and
- $50,000 on or before August 28, 2016 (unpaid) and annually thereafter until the commencement of commercial production.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

e) Yankee Dundee / Ronoke / Warkentin (continued)

(ii) Armex is to pay production and additional payments of:

- $250,000 upon the commencement of commercial production;
- $250,000 upon the first anniversary of commencement of commercial production; and
- additional production payments aggregating $1,000,000 payable from 30% of net revenues as defined in the agreement.

Armex has the right to satisfy the production and additional payments by paying the aggregate sum of $1,250,000 any time during the first year of commercial production.

Armex will also assume all obligations per existing underlying option agreements with respect to the Yankee Dundee claims which consist of a 1% NSR upon commencement of commercial production until the recovery of the lesser of aggregate expenditures incurred and $5,000,000, after such time, the NSR will increase to 2.5%. At any time up to the commencement of commercial production, an option is available to purchase 1.5% of the NSR for $500,000 and the remaining 1% for $500,000.

The Company will also be entitled to a 2.5% NSR upon commencement of commercial production, with Armex holding the right to repurchase the royalty at any time on the basis of $1,000,000 for each 1%. In addition, the Company retains back-in rights pursuant to the agreement by which it can re-acquire the property in the event specific production milestones are not met.

During the year ended March 31, 2016, Armex advised the Company that it disputes the advance royalty payment payable on or before August 28, 2015 is past due. In addition, the Company believes that the financial situation of Armex has deteriorated to an extent that precludes it from completing the sale agreement. Accordingly, during the nine months ended December 31, 2015, an impairment provision was recorded against all capitalized costs relating to Yankee Dundee totaling $187,565.

f) Exploration and Evaluation Expenditures

Exploration expenditures incurred for the nine months ended December 31, 2016, were as follows:

	Yukon Properties	Duke Island	Drayton	Black Lake	Total
Assays	2,640	-	-	-	2,640
Camp costs	-	-	-	121	121
Field supplies and rentals	4,900	-	-	6,796	11,696
Drilling	-	-	-	64,009	64,009
Geological	23,800	-	-	24,199	47,999
Prospecting and mapping	8,669	-	-	-	8,669
Travel and accommodation	2,535	-	-	2,787	5,322
	42,544	-	-	97,912	140,456

4. SHORT-TERM LOANS

At December 31, 2016, the Company had short-term loans totaling $324,000 (March 31, 2016: $19,000). During the nine months ended December 31, 2016, the Company received a loan for $50,000, which has a term of one year and an interest rate of 10% per annum. Title to the CKR Yukon property was provided as security for the loan. Additionally, the Company received a total of $225,000 in September 2016 and another $25,000 in October 2016, from eight lenders, each with a term of one year and an interest rate of 10% per annum. The title to the Drayton/Black Lake Property has been provided as a security to the group of lenders. The remaining short-term loan of $5,000 received during the nine months ended December 31, 2016 was made in May 2016 and is non-interest bearing with no fixed term.

Subsequent to December 31, 2016, the Company repaid a total of $99,500 of the short-term loans.

5. SETTLEMENT OF DEBT

On February 15, 2016, the Company entered debt settlement agreements with creditors to settle $888,046 of outstanding debt by way of a write-off and the issuance of 1,340,411 post-consolidation common shares (878,572 post-consolidation shares issued at March 31, 2016 and 461,839 post-consolidation shares issued during the nine months ended December 31, 2016). A total of $723,287 of debt was settled at $0.10 per share while a further $107,500 was settled at $0.05 per share, including $152,258 of debt owed to Michael Rowley, President and CEO of the Company, and MVR Consulting Inc., a company controlled by Michael Rowley, to be settled for $47,500. During the nine months ended December 31, 2016, the Company recorded a gain on the settlement of debt of $210,137.

6. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Share issuance details

On November 23, 2016, the Company consolidated its common shares. The consolidation was approved by the shareholders of the Company on November 23, 2016 and was subsequently approved by the TSX Venture Exchange ("**TSX-V**"). The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every seven pre-consolidation common shares held. The number of shares, warrants and options and earnings per share data presented in these condensed consolidated interim financial statements have all been adjusted retroactively to reflect the impact of this share consolidation.

Nine Months ended December 31, 2016

- On October 14, 2016, the Company issued 21,429 post-consolidation shares with a fair value of $4,500 in connection with the Spy Property agreement;
- On October 14, 2016, the Company issued 35,714 post-consolidation shares with a fair value of $7,500 in connection with the Drayton Property agreement;
- On July 7, 2016, the Company issued 92,857 post-consolidation shares with a fair value of $16,250 in connection with the Black Lake Property agreement; and
- On May 31, 2016, the Company issued 142,857 post-consolidation shares with a fair value of $25,000 in connection with the Black Lake Property agreement.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

b) Share issuance details (continued)

Nine Months ended December 31, 2015

- In December 2015, the Company issued 28,572 post-consolidation common shares pursuant to an option agreement for the Black Lake Property. The fair value recognized of $6,000 was based on the closing market price of $0.03 per share;
- In December 2015, the Company issued 285,715 post-consolidation common shares pursuant to an option agreement for the Duke Island Property. The fair value recognized of $60,000 was based on the closing market price of $0.03 per share;
- In December 2015, the Company issued 85,714 post-consolidation common shares pursuant to an option agreement for the Spy Property. The fair value recognized of $18,000 was based on the closing market price of $0.03 per share; and
- In December 2015, the Company issued 35,714 post-consolidation common shares pursuant to an option agreement for the Drayton Property. The fair value recognized of $7,500 was based on the closing market price of $0.03 per share.

c) Stock Options

The Company has a rolling stock-based compensation plan (the "**Plan**") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2016	140,429	0.70
Expired	(10,429)	4.69
Balance, December 31, 2016	130,000	0.35

The following stock options were outstanding as at December 31, 2016:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		$		
130,000	130,000	0.35	February 3, 2020	3.09

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

d) Share Purchase Warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31, 2016 and December 31, 2016	331,942	0.525

The following share purchase warrants were outstanding as at December 31, 2016:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
157,657	157,657	0.53	December 31, 2017
174,285	174,285	0.70	December 31, 2017
331,942	331,942		

7. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company.

In addition to those transactions disclosed elsewhere in these interim consolidated financial statements, the Company entered into the following related party transactions:

a) For the nine months ended December 31, 2016, MVR Consulting Inc. charged fees of $64,610 (2015: $55,705) for consulting services. Included in due to related parties at December 31, 2016 was an amount of $183,973 (March 31, 2016: $167,651) for these services. In addition, the President loaned $11,000 to the Company. The balance of the loan outstanding at December 31, 2016 was $11,000 (March 31, 2016: $11,000) and was included in short-term loans. During the year ended March 31, 2016, $152,258 of debt was settled by the issuance of shares (see note 5).

b) Included in accounts payable and accrued liabilities at December 31, 2016 was an amount of $17,769 (March 31, 2016: $17,769) owed to MCC Geoscience Inc., a private company controlled by Tom McCandless, a former director and officer of the Company (resigned June 8, 2016) for geological and consulting services.

c) For the nine months ended December 31, 2016, Midnight Mining Services Ltd., a private company controlled by Bill Harris, a director of the Company, charged fees of $25,000 (2015: $15,000) for geological and consulting fees. Included in due to related parties at December 31, 2016 was an amount of $78,795 (March 31, 2016: $52,545) for these services.

d) Included in accounts payable and accrued liabilities at December 31, 2016 was an amount of $18,565 (March 31, 2016: $18,565) owed to Whistle Creek Consulting Inc., a private company controlled by Eugene Spiering, a former director of the Company (resigned June 15, 2016) for consulting fees.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (continued)

e) For the nine months ended December 31, 2016, a former officer of the Company charged fees of $Nil (2015: $8,000) for consulting services. The officer resigned from the Company on December 1, 2015.

f) For the nine months ended December 31, 2016, a private company controlled by a former director of the Company charged fees of $Nil (2015: $15,000) for geological and consulting services.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

8. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and nine months ended December 31 consisted of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
	$	$	$	$
Accounts receivable	(8,066)	(1,204)	(8,977)	(3,100)
Prepaid expenses	98,415	-	(15,000)	900
Accounts payable and accrued liabilities	105,809	25,963	245,195	38,612
Due to related parties	(84,861)	71,268	12,292	129,500
	111,297	96,027	233,510	165,912

The non-cash transactions for the nine months ended December 31, 2016 consisted of the Company issuing a total of 292,857 post-consolidation common shares valued at $53,250 as option payments on its Spy, Drayton and Black Lake properties (see Note 6(b)). The Company also recorded a gain of $210,137 on the settlement of debt (see Note 5).

The non-cash transactions for the nine months ended December 31, 2015 consisted of the Company issuing a total of 435,715 post-consolidation common shares valued at $91,500 as option payments on its Spy, Drayton, Black Lake and Duke Island properties. The Company also reclassified $772,376 of related party transactions as a result of the resignation of two directors.

9. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities, short term loans and due to related parties. The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Short-Term Loans and Due to Related Parties	Other Financial Liabilities	Amortized Cost

9. FINANCIAL INSTRUMENTS (continued)

b) Fair Value

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

c) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

(i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at December 31, 2016, all of the Company's financial liabilities were either past due or had contractual maturities of less than 90 days. The Company does not have sufficient cash to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

(ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on the current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

(iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company's mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

c) Financial Risk Management (continued)

(v) Other Price Risk

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

10. CAPITAL MANAGEMENT

The Company's capital includes components of shareholders' deficiency. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments. The Company will continue to rely on equity issuances for future funding depending upon market and economic conditions at the time.

There have been no changes in the Company's approach to capital management during the nine months ended December 31, 2016.

The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	December 31, 2016	March 31, 2016
	$	$
Non-current assets by geographic segment		
Canada	156,465	78,568
United States	70,377	60,000
	226,842	138,568

12. SUBSEQUENT EVENT

In addition to subsequent events disclosed in Notes 3(a) and 4, on February 28, 2017, the Company completed a non-brokered private placement by issuing 31,000,000 units for gross proceeds of $1,960,000. The Company issued 26,000,000 non flow-through units ("**NFT Units**") at a price of $0.06 per NFT Unit for gross proceeds of $1,560,000. Each NFT Unit consisted of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.12 per share with an expiry of February 28, 2020.

12. SUBSEQUENT EVENT (continued)

The Company also issued 5,000,000 units on a flow-through basis ("**FT Units**") at a price of $0.08 per FT Unit for gross proceeds of $400,000. Each FT Unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant, with each whole warrant entitling the holder to acquire one non flow-through common share of the Company at an exercise price of $0.16 per share with an expiry of February 28, 2020.

In connection with the private placement, the Company paid finders' fees of 432,780 NFT Units.