



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2017

(Unaudited - Expressed in Canadian Dollars)

<u>Index</u>	<u>Page</u>
Notice of No Auditor Review	1
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Comprehensive Loss	3
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 - 19

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, 2017	March 31, 2017
	\$	\$
ASSETS		
Current		
Cash	420,441	547,595
Accounts receivable	24,283	35,383
Prepaid expenses	22,187	50,855
	<u>466,911</u>	633,833
Non-Current		
Exploration and evaluation assets (Notes 4, 8 and 10)	975,147	353,493
	<u>1,442,058</u>	987,326
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	308,346	148,115
Flow-through share premium liability (Note 5)	74,618	100,000
Short-term loan (Note 6 and 9(a))	11,000	11,000
	<u>393,964</u>	259,115
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	10,540,032	9,519,516
Share-based payment reserve	328,111	29,334
Deficit	<u>(9,820,049)</u>	<u>(8,820,639)</u>
	<u>1,048,094</u>	728,211
	<u>1,442,058</u>	987,326

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
FOR THE NINE MONTHS ENDED DECEMBER 31
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses				
Consulting (Notes 9(a), 9(e) and 9(f))	60,149	26,020	174,351	91,610
Exploration and evaluation assets expenditures (Note 4)	177,096	89,039	314,543	140,456
Investor relations	31,643	1,298	98,655	4,290
Office and administration	5,768	14,028	16,793	89,121
Professional fees	14,392	25,253	55,219	26,625
Property evaluation	52,953	-	80,664	-
Share-based payment expense (Notes 8(e) and 9(g))	116,394	-	298,777	-
Transfer agent, regulatory and filing fees	2,680	7,196	23,195	16,283
Travel and accommodation	355	3,916	2,595	53,139
	<u>461,430</u>	<u>166,750</u>	<u>1,064,792</u>	<u>421,524</u>
Other Items				
Other income (Note 5)	(36,591)	-	(65,382)	-
Gain on settlement of debt (Note 7)	-	-	-	(210,137)
	<u>(36,591)</u>	<u>-</u>	<u>(65,382)</u>	<u>(210,137)</u>
Net loss and comprehensive loss for the period	<u>(424,839)</u>	<u>(166,750)</u>	<u>(999,410)</u>	<u>(211,387)</u>
Basic and diluted loss per share	\$ (0.01)	\$ (0.04)	\$ (0.03)	\$ (0.05)
Basic and diluted weighted average number of shares outstanding	39,931,725	4,720,612	37,851,445	4,607,243

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

	Number of shares	Share capital \$	Share-based payments reserve \$	Deficit \$	Total \$
Balance, March 31, 2016	3,973,989	7,511,002	51,886	(8,374,551)	(811,663)
Net income for the period	-	-	-	(211,387)	(211,387)
Shares issued for properties (Note 8(b))	292,858	53,250	-	-	53,250
Shares issued for debt (Note 8(b))	461,839	113,151	-	-	113,151
Expiry of stock options and warrants	-	-	(27,813)	27,813	-
Balance, December 31, 2016	4,728,686	7,677,403	24,073	(8,558,125)	(856,649)
Net loss for the period	-	-	-	(268,333)	(268,333)
Private placements net of share issue costs	31,000,000	1,816,686	-	-	1,816,686
Shares issued as finders' fees	432,781	25,427	-	-	25,427
Expiry of stock options and warrants	-	-	(5,819)	5,819	-
Share-based payment expense	-	-	11,080	-	11,080
Balance, March 31, 2017	36,161,467	9,519,516	29,334	(8,820,639)	728,211
Net loss for the period	-	-	-	(999,410)	(999,410)
Shares issued for properties (Note 8(b))	1,564,283	211,285	-	-	211,285
Private placement net of share issue costs (Note 8(b)(i))	2,000,000	466,391	-	-	466,391
Flow-through share premium liability (Notes 5 and 8(b)(i))	-	(40,000)	-	-	(40,000)
Shares issued pursuant to exercise of warrants (Notes 8(b) and 8(d))	3,098,666	382,840	-	-	382,840
Share-based payment expense	-	-	298,777	-	298,777
Balance, December 31, 2017	42,824,416	10,540,032	328,111	(9,820,049)	1,048,094

GROUP TEN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(424,839)	(166,750)	(999,410)	(211,387)
Items not involving cash:				
Gain on settlement of debt	-	-	-	(210,137)
Other income	(36,591)	-	(65,382)	-
Share-based payment expense	116,394	-	298,777	-
	(345,036)	(166,750)	(766,015)	(421,524)
Net change in non-cash working capital (Note 10)	157,118	111,297	183,413	233,510
Cash used in operating activities	(187,918)	(55,453)	(582,602)	(188,014)
Investing Activities				
Exploration and evaluation assets expenditures	-	(18,269)	-	(18,269)
Acquisition of exploration and evaluation assets (Note 4)	(157,994)	-	(393,783)	(16,755)
Cash used in investing activities	(157,994)	(18,269)	(393,783)	(35,024)
Financing Activities				
Receipt of proceeds pursuant to private placement	500,000	-	500,000	-
Share issue costs	(33,609)	-	(33,609)	-
Proceeds on exercise of warrants	234,440	-	382,840	-
Short-term loan proceeds (Note 6)	-	25,000	-	305,000
Cash provided by financing activities	700,831	25,000	849,231	305,000
Net increase (decrease) in cash	354,919	(48,722)	(127,154)	81,962
Cash, beginning of period	65,522	136,302	547,595	5,618
Cash, end of period	420,441	87,580	420,441	87,580

Supplemental cash flow information (Note 10)

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

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 250 Howe Street, 20th Floor, Vancouver, British Columbia, Canada, V6C-3R8.

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 consolidated interim 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, 2017, the Company had working capital of \$72,947 (March 31, 2017: \$374,718). The Company had a net loss of \$999,410 for the nine month period ended December 31, 2017 (2016: \$211,387) and had an accumulated deficit of \$9,820,049 as at December 31, 2017 (March 31, 2017: \$8,820,639).

As at December 31, 2017, 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 condensed consolidated interim 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 subsidiaries, Yankee Girl Resources Corp., incorporated in British Columbia, Canada and Group Ten (Alaska) Inc., incorporated in Alaska, USA. 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, 2017 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(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 28, 2018.

3. MINERAL PROPERTY ACQUISITION

On June 26, 2017, the Company entered into an agreement to acquire a 100% interest in the Stillwater West project from a private owner, consisting of 282 claims in south central Montana, USA. In consideration, the Company will:

- Issue a total of 3.6 million shares of the Company beginning with 900,000 shares within ten days of regulatory approval (issued on July 4, 2017) and 900,000 shares on or before May 31 of each of 2018, 2019 and 2020;
- Make United States dollars (“**USD**”) \$40,000 in cash payments with USD\$20,000 on or before each of May 31, 2018 and 2019;
- Make advance royalty payments until commencement of commercial production of USD\$15,000 within ten days of regulatory approval (paid), USD\$30,000 on or before May 31, 2018 and USD\$50,000 on or before May 31, 2019 and annually thereafter; and
- Execute a work contract for a minimum of USD\$50,000 per year for the duration of the option agreement for technical and management work which is three years.

The claims are subject to a 2% NSR and the Company has an option to buy down the NSR to 1%.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation acquisition costs for the nine months ended December 31, 2017 were as follows:

	Stillwater West	Yukon Properties	Duke Island	Drayton	Black Lake	Total
	\$	\$	\$	\$	\$	\$
Balance, March 31, 2017	-	144,869	70,377	28,225	110,022	353,493
Cash payments	19,402	5,241	-	-	38,000	62,643
Licensing & maintenance costs	118,518	3,290	6,054	-	-	127,862
Shares issued	108,000	64,572	-	5,714	33,000	211,286
Staking	184,202	19,324	-	-	16,337	219,863
Balance, December 31, 2017	430,122	237,296	76,431	33,939	197,359	975,147

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

a) Stillwater West (Montana, United States)

In order to obtain a 100% interest in 282 claims in south central Montana, USA, the Company has the following remaining commitments:

- Issue a total of 2.7 million shares of the Company with 900,000 shares on or before each of May 31, 2018, 2019 and 2020;
- Make USD \$40,000 in cash payments with USD\$20,000 on or before each of May 31, 2018 and 2019;
- Make advance royalty payments until commencement of commercial production of USD\$30,000 on or before May 31, 2018 and USD\$50,000 on or before May 31, 2019 and annually thereafter; and
- Execute a work contract for a minimum of USD\$50,000 per year for the duration of the option agreement for technical and management work which is three years.

During the nine months ended December 31, 2017, the Company staked an additional 17 square kilometers ("**km²**") of additional mining rights at its Stillwater West Project, nearly doubling the size of the Company's land holdings at the Stillwater West Project to approximately 40km². In January 2018 the Company announced it had staked another 4km² to bring the total Stillwater West Project landholdings to approximately 44km².

The claims are subject to a 2% NSR and the Company has an option to buy down the NSR to 1%.

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 in relation to the Stillwater West Property.

b) Yukon Properties

The Company has option agreements to acquire a 100% interest in four platinum group properties totaling over 240 km² 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

The Company owns a 100% interest in the Spy Property.

The Spy claims are subject to a 3% Net Smelter Return ("**NSR**") and the Company has an option to buy the NSR down to 1%.

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 in relation to the Spy Property.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

b) Yukon Properties (continued)

Catalyst

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

- Pay \$10,000 to Ashburton Ventures Inc. ("**Ashburton**") on or before December 29, 2017 (outstanding);
- Provide Ashburton proof of payment of invoices totaling \$28,062 on or before December 29, 2017 (outstanding);
- Issue 300,000 common shares to Denali Resources Ltd. ("**Denali**") on or before July 31, 2018; and
- Issue 300,000 common shares to Denali on or before July 31, 2019.

Certain claims on the Catalyst Property are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 in relation to the Catalyst Property.

Ultra

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

- Incur aggregate exploration expenditures of \$150,000 on or before February 10, 2017 (outstanding);
- Incur aggregate exploration expenditures of \$300,000 on or before February 10, 2018 (outstanding); and
- Incur aggregate exploration expenditures of \$500,000 on or before February 10, 2019.

The claims are subject to a 2% NSR and the Company has an option to buy the NSR down to 1%.

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 in relation to the Ultra Property.

c) Duke Island (Alaska, United States)

The Company owns a 100% interest in 31 unpatented mineral claims located on Duke Island, Alaska. Pursuant to an agreement dated August 28, 2015, the only remaining commitment for the Company is to contract an amount of \$200,000 worth of geological and/or geophysical expenditures 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 (10%) of the difference will become payable in cash.

The claims are subject to a 1% NSR.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

d) Drayton (Ontario, Canada)

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 142,857 common shares on or before October 1, 2018.

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

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 in relation to the Drayton Property.

e) Black Lake (Ontario, Canada)

(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 cash commitments:

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

The claims are subject to a 2% NSR upon commencement of commercial production and the Company has an option to buy down the NSR to 1%.

(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. Pursuant to an amendment, the Company has the following remaining cash commitments:

- \$10,000 on or before December 30, 2018; and
- \$15,000 on or before December 30, 2019.

The claims are subject to a 1% NSR upon commencement of commercial production and the Company has an option to buy down the NSR to .5% at any time up to the commencement of commercial production.

b. entered into an option agreement to earn an undivided 100% interest in 5 mineral claims. On April 18, 2017, the option agreement was amended to remove \$1.25 million of work commitments that were a component of the original agreement. As consideration for the removal of the work requirement, the Company has agreed to issue 100,000 additional common shares per year in each of 2017, 2018 and 2019. The Company has the following remaining commitments:

- Pay \$10,000 and issue 128,571 common shares on or before March 11, 2018; and
- Pay \$10,000 and issue 128,571 common shares on or before March 11, 2019.

The claims are subject to a 3% NSR upon commencement of commercial production and the Company has an option to buy the NSR down to 2%.

See Note 8(b) for disclosure of the number of shares that were issued during the nine months ended December 31, 2017 and 2016 in relation to the Black Lake Property.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

f) Yankee Dundee / Ronoke / Warkentin (British Columbia, Canada)

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.

(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.

Armex disputes the overdue advance royalty payments that were payable on or before August 28, 2015, August 28, 2016 and August 28, 2017. As the Company believes that the financial situation of Armex has deteriorated to an extent that precludes it from completing the sale agreement, the capitalized costs relating to Yankee Dundee have been reduced to \$Nil.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and Evaluation Expenditures

Exploration expenditures incurred for the nine months ended December 31, 2017, were as follows:

	Stillwater West	Yukon Properties	Duke Island	Drayton	Black Lake	Total
Camp	766	765	-	-	-	1,531
Equipment	1,955	3,332	-	-	-	5,287
Geological consulting	136,526	17,165	1,472	2,295	11,360	168,818
Geophysics	-	-	-	1,050	1,050	2,100
Overhead and administration	3,214	6,500	-	-	-	9,714
Permitting	2,253	-	-	-	-	2,253
Prospecting & mapping	-	131,132	-	-	-	131,132
Travel and accommodation	28,837	472	-	-	-	29,309
	173,551	159,366	1,472	3,345	12,410	350,144
Less: Government Grants	-	-	-	-	(35,601)	(35,601)
	173,551	159,366	1,472	3,345	(23,191)	314,543

5. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	\$
Balance, March 31, 2017	100,000
Flow-through share premium liability on the issuance of flow-through common shares (Note 8(b)(i))	40,000
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(65,382)</u>
Balance, December 31, 2017	<u>74,618</u>

6. SHORT-TERM LOAN

At December 31, 2017, the Company had a short-term loan of \$11,000 (March 31, 2017: \$11,000) that was owed to the President and CEO of the Company. The short-term loan is non-interest bearing with no fixed term.

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, and title to the CKR Yukon property was provided as security to the loan. Additionally, the Company received a total of \$225,000, from seven lenders, each with a term of one year, ending September 28, 2017, and an interest rate of 10% per annum. The title to the Drayton/Black Lake Property was provided as a security to the group of lenders. An additional short-term loan of \$5,000 received in May 2016 and was non-interest bearing with no fixed term. The Company repaid short-term loans totaling \$313,000 in March 2017, including \$30,000 of interest.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

7. 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 common shares (878,571 shares issued at March 31, 2016 and 461,839 shares issued during the three months ended June 30, 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 the President and CEO of the Company, and MVR Consulting Inc., a private company controlled by the President and CEO, 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.

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Nine months ended December 31, 2017

- (i) On December 28, 2017, the Company completed a brokered private placement of 2,000,000 common shares of the Company on a flow-through basis ("**FT Shares**") at a price of \$0.25 per FT Share for gross proceeds of \$500,000. In connection with this private placement, the Company incurred share issue costs totaling \$33,609, including finder's fees of \$30,000.

The Company's share price was \$0.23 per share on the date of completion and as a result, the Company allocated \$460,000 of the gross proceeds to share capital and the remaining \$40,000 of the gross proceeds to flow-through share premium liability.

- (ii) On October 16, 2017, the Company issued 35,714 common shares with a fair value of \$5,714 in connection with the Drayton Property agreement.
- (iii) On October 4, 2017, the Company issued 400,000 common shares with a fair value of \$56,000 in connection with the Catalyst Property agreement.
- (iv) On July 6, 2017, the Company issued 42,856 common shares with a fair value of \$5,143 in connection with the Spy Property agreement.
- (v) On July 4, 2017, the Company issued 900,000 common shares with a fair value of \$108,000 in connection with the Stillwater West Property agreement.
- (vi) On July 4, 2017, the Company issued 28,571 common shares with a fair value of \$3,429 in connection with the Ultra Property agreement.
- (vii) On May 16, 2017, the Company issued 157,142 common shares with a fair value of \$33,000 in connection with the Black Lake Property agreement.
- (viii) During the nine months ended December 31, 2017, the Company issued 3,098,666 common shares pursuant to the exercise of 3,098,666 share purchase warrants with a weighted average exercise price of \$0.12 per share.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Nine months ended December 31, 2016

- (i) On October 14, 2016, the Company issued 35,714 common shares with a fair value of \$7,500 in connection with the Drayton Property agreement.
- (ii) On October 14, 2016, the Company issued 21,428 common shares with a fair value of \$4,500 in connection with the Spy Property agreement.
- (iii) On July 7, 2016, the Company issued 92,857 common shares with a fair value of \$16,250 in connection with the Black Lake Property agreement;
- (iv) On May 31, 2016, the Company issued 142,857 common shares with a fair value of \$25,000 in connection with the Black Lake Property agreement; and
- (v) On April 11, 2016, the Company issued 461,839 common shares with a fair value of \$113,151 to settle debts of \$323,288 (see Note 7).

c) Stock options

The Company has a fixed Long-Term Incentive Plan (the "**Plan**") whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 7,000,000 common shares. The exercise price, term and vesting period of each award 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, 2017	2,938,570	0.16
Granted	3,000,000	0.12
Balance, December 31, 2017	5,938,570	0.14

The following stock options were outstanding as at December 31, 2017:

Outstanding	Exercisable	Weighted average Exercise Price \$	Expiry Date	Weighted average remaining life (in years)
98,570	98,570	0.35	February 3, 2020	2.09
2,840,000	946,667	0.15	March 20, 2022	4.22
475,000	-	0.12	August 30, 2022	4.67
2,525,000	-	0.12	September 28, 2022	4.75
5,938,570	1,045,237	0.14		

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

8. 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, 2017	29,264,714	0.13
Exercised	(3,098,666)	0.12
Expired	(331,934)	0.62
Balance, December 31, 2017	<u>25,834,114</u>	<u>0.12</u>

The following share purchase warrants were outstanding as at December 31, 2017:

Outstanding	Exercisable	Exercise Price	Expiry Date
		\$	
23,609,114	23,609,114	0.12	February 27, 2020
<u>2,225,000</u>	<u>2,500,000</u>	0.16	February 27, 2020
<u>25,834,114</u>	<u>26,109,114</u>		

e) Share-based payment expense and reserve

The fair value at grant date of the 3,000,000 options granted during the nine months ended December 31, 2017 was \$235,099 (\$0.08 per option). Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods. The share-based payment expense for the nine months ended December 31, 2017 was \$298,777 (2016: \$Nil) and was recorded in the condensed consolidated interim statement of loss and comprehensive loss.

The fair value of the stock options that were granted during the nine months ended December 31, 2017 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.39%
Expected stock price volatility	84%
Expected dividend yield	0.0%
Expected option life in years	5.0

9. RELATED PARTY TRANSACTIONS

Key management compensation

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

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (continued)

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

- a) For the nine months ended December 31, 2017, MVR Consulting Inc. charged fees of \$83,590 (2016: \$64,610) for consulting services which were recorded as consulting fees. Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$9,692 (March 31, 2017: \$Nil) for these services. In addition, the President loaned \$11,000 to the Company during the year ended March 31, 2016. The outstanding amount at December 31, 2017 was \$11,000 (March 31, 2017: \$11,000) and was included in short-term loans.
- b) For the nine months ended December 31, 2017, Midnight Mining Services Ltd., a private company controlled by Bill Harris, a director of the Company, charged fees of \$11,000 (2016: \$25,000) for consulting services and \$3,000 (2016: \$Nil) for equipment rentals. Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$11,000 (March 31, 2017: \$Nil) and \$3,000 (March 31, 2017: \$Nil) for consulting services and equipment rentals, respectively.
- c) Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$Nil (March 31, 2017: \$17,500) 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.
- d) Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$3,000 (March 31, 2017: \$3,000) owed to Kirkham Geosystems Ltd., a private company controlled by Garth Kirkham, a former director of the Company, relating to an overpayment in regards to a private placement that was completed in February 2017. Mr. Kirkham resigned from the Board on October 11, 2017.
- e) For the nine months ended December 31, 2017, a former officer of the Company charged fees of \$750 (2016: \$Nil) for consulting services. Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$Nil (March 31, 2017: \$525) for these services.
- f) For the nine months ended December 31, 2017, the Company's CFO charged fees of \$27,563 (2016: \$Nil) for consulting services which were recorded as consulting fees. Included in accounts payable and accrued liabilities at December 31, 2017 was an amount of \$12,679 (March 31, 2017: \$Nil) for these services.
- g) During the nine months ended December 31, 2017, the Company was charged \$600 (2016: \$Nil) by Foran Mining Corporation, a company with an officer in common, for the sharing of certain office operating costs.
- h) Of the \$298,777 recorded as share-based payment expense, \$114,081 was allocated to Directors and Officers of the Company.

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.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

10. 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,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Accounts receivable	19,507	(8,066)	11,100	(8,977)
Prepaid expenses	8,027	98,415	28,668	(15,000)
Accounts payable and accrued liabilities	129,584	105,809	143,645	245,195
Due to related parties	-	(84,861)	-	12,292
	<u>157,118</u>	<u>111,297</u>	<u>183,413</u>	<u>233,510</u>

The non-cash transactions for the nine months ended December 31, 2017 consisted of the Company issuing a total of 1,564,283 common shares valued at \$211,285 as option payments on its Stillwater West, Black Lake, Drayton, Catalyst, Spy and Ultra Properties.

The non-cash transactions for the nine months ended December 31, 2016 consisted of the Company issuing 292,856 common shares valued at \$53,250 as option payments on its Black Lake, Drayton and Spy Properties and the Company recording a gain of \$210,137 on the settlement of \$323,288 of debt (see Note 7).

11. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

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

<u>Financial Instrument</u>	<u>Category</u>	<u>Carrying Value</u>
Cash	FVTPL	Fair Value
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Short-Term Loans	Other Financial Liabilities	Amortized Cost

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.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (continued)

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, 2017, all of the Company's financial liabilities 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 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.

(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.

GROUP TEN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company's capital includes components of shareholders' equity. 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, 2017.

The Company is not subject to externally imposed capital requirements.

13. 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, 2017	March 31, 2017
	\$	\$
Non-current assets by geographic segment		
Canada	468,594	283,116
United States	506,553	70,377
	<u>975,147</u>	<u>353,493</u>

14. COMMITMENT

As a result of the issuance of FT units on February 28, 2017 and FT Shares on December 28, 2017, the Company has a commitment to incur \$900,000 on qualifying Canadian exploration expenditures on or before December 31, 2018. At December 31, 2017, approximately \$638,000 of the commitment was remaining.

15. EVENTS AFTER THE REPORTING PERIOD

In addition to subsequent events disclosed elsewhere in these condensed consolidated interim financial statements, 1,143,894 share purchase warrants with a weighted average exercise price of \$0.13 were exercised for proceeds of \$143,827.