# FIREBIRD RESOURCES INC.

Consolidated Interim Financial Statements

Period Ended January 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

# FIREBIRD RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED 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 consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated interim financial statements have not been reviewed by an auditor.

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

The Company's independent auditors have not performed a review of these 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.

March 20, 2017

**FIREBIRD RESOURCES INC.**
Consolidated statements of financial position
(Expressed in Canadian dollars)

| | January 31, 2017 (Unaudited) $ | April 30, 2016 (Audited) $ |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash | 42,985 | 1,530 |
| Amounts receivable | 4,883 | 4,750 |
| Shares held for trading (Note 6) | 39,417 | – |
| Loan receivable, net of unamortized discount of $nil (Note 7) | 27,301 | 27,301 |
| | 114,586 | 33,581 |
| Mineral properties (Note 4) | 42,207 | 153,229 |
| Total assets | 156,793 | 186,810 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 5) | 849,507 | 962,244 |
| Notes payable (Note 8) | 372,000 | 372,000 |
| Due to related party (Note 9) | 521,130 | 459,120 |
| Total liabilities | 1,742,637 | 1,793,364 |
| Shareholders‘ deficit | | |
| Share capital | 19,524,482 | 19,524,482 |
| Share-based payment reserve | 2,894,941 | 2,894,941 |
| Equity portion of convertible debenture (Note 8) | 231,092 | 231,092 |
| Deficit | (24,236,359) | (24,257,069) |
| Total shareholders' deficit | (1,585,844) | (1,606,554) |
| Total liabilities and shareholders' deficit | 156,793 | 186,810 |

Nature of operations and continuance of business (Note 1)

Approved and authorized for issue by the Board of Directors on March 20, 2017:

*Signed "Glen Macdonald"*

Glen Macdonald, Director

*Signed "Ken Ralfs"*

Ken Ralfs, Director

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

**FIREBIRD RESOURCES INC.**
Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)
(Unaudited)

| | Three month period ended January 31, 2017 $ | Three month period ended January 31, 2016 $ | Nine month period ended January 31, 2017 $ | Nine month period ended January 31, 2016 $ |
|---|---|---|---|---|
| Expenses | | | | |
| Exploration and evaluation expenditures (Note 3) | – | – | – | – |
| General and administrative (Note 8) | 3,259 | 846 | 26,476 | 3,443 |
| Management fees (Note 8) | 18,000 | 30,376 | 54,000 | 89,682 |
| Professional fees | 317 | (5,683) | 1,067 | 317 |
| Total operating expenses | 21,576 | 25,539 | 81,543 | 93,442 |
| Loss before other income (expense) | (21,576) | (25,539) | (81,543) | (93,442) |
| Other income (expense) | | | | |
| Interest expense | (9,359) | (9,373) | (28,061) | (28,125) |
| Interest income | 412 | 6,503 | 1,236 | 19,509 |
| Unrealized gain (loss) on investment (Note 6) | (39,417) | – | (14,333) | – |
| Gain on forgiveness of debt | – | – | 143,411 | – |
| Total other income (expense) | (48,364) | (2,870) | 102,253 | (8,616) |
| Net loss and comprehensive loss for the period | (69,940) | (28,409) | 20,710 | (102,058) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) |
| Weighted average shares outstanding | 81,010,417 | 81,010,417 | 81,010,417 | 81,010,417 |

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

**FIREBIRD RESOURCES INC.**
Consolidated statements of changes in equity
(Expressed in Canadian dollars)
(Unaudited)

| | Share capital | | Share subscriptions received | Share-based payment reserve | Equity component of convertible debt | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount $ | $ | $ | $ | $ | $ |
| Balance, April 30, 2015 | 81,010,417 | 19,524,482 | – | 2,894,941 | 231,092 | (23,809,073) | (1,140,490) |
| Net loss for the period | – | – | – | – | – | (102,058) | (102,058) |
| Balance, January 31, 2016 | 81,010,417 | 19,524,482 | – | 2,894,941 | 231,092 | (23,911,131) | (1,242,548) |

| | Share capital | | Share subscriptions received | Share-based payment reserve | Equity component of convertible debt | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount $ | $ | $ | $ | $ | $ |
| Balance, April 30, 2016 | 81,010,417 | 19,524,482 | – | 2,894,941 | 231,092 | (24,257,069) | (1,606,554) |
| Net loss for the period | – | – | – | – | – | 20,710 | 20,710 |
| Balance, January 31, 2017 | 81,010,417 | 19,524,482 | – | 2,894,941 | 231,092 | (24,236,359) | (1,585,844) |

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

**FIREBIRD RESOURCES INC.**
Consolidated statements of cash flows
(Expressed in Canadian dollars)
(Unaudited)

| | Period ended January 31, 2017 $ | Period ended January 31, 2016 $ |
|---|---|---|
| Operating Activities | | |
| Net gain (loss) | 20,710 | (120,666) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | (133) | (19,179) |
| Accounts payable and accrued liabilities | (112,737) | 63,135 |
| Due to related party | 62,010 | 69,232 |
| Net cash used in operating activities | (30,150) | (7,478) |
| Financing Activities | | |
| Proceeds from sale of mineral property | 125,417 | – |
| Advance from unrelated company | – | 4,300 |
| Gain (loss) on shares held for trading | (39,417) | – |
| Payments on mineral property expenditures | (14,395) | – |
| Net cash provided by (used in) financing activities | 71,605 | 4,300 |
| Change in cash | 41,455 | (3,178) |
| Cash, beginning of period | 1,530 | 9,006 |
| Cash, end of period | 42,985 | 5,828 |
| Supplemental disclosures: | | |
| Interest paid | – | – |
| Income taxes paid | – | – |
| Interest received | – | – |

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

## 1. Nature of Operations and Continuance of Business

Firebird Resources Inc. (the "Company") was incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange. The Company is an exploration stage company that is in the process of exploring its mineral properties located in Canada and the United States of America and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's registered office is located at Suite 1000, 925 West Georgia Street, Vancouver, BC, V6C 3L2.

On May 20, 2016, the Company entered into an Asset Purchase Agreement with Pancontinental Gold Corporation ("Pancon"), Appalachian Resources LLC ("Appalachian") and Pageland Minerals Inc. ("Pageland"), pursuant to which the Company sold and assigned all mineral leases associated with its Jefferson Gold Project to Pancon. Consideration per the terms of the agreement were as follows:

- Payment by Pancon of $30,000, of which $21,500 was paid to the Company and $8,500 was paid to Pageland on May 20, 2016;
- Issuance by Pancon of 1,000,000 Pancon common shares, of which 716,667 shares were issued to the Company and 283,333 shares were issued to Pageland on August 17, 2016;
- Issuance by Pancon of 1,000,000 Pancon common shares to Appalachian on August 17, 2016;
- Payment by Pancon of $70,000, of which $50,167 was paid to the Company and $19,833 was paid to Pageland on August 17, 2016.

These condensed consolidated interim financial statements have been 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 January 31, 2017, the Company has not generated any revenues from operations, has an accumulated deficit of $24,236,359, and has a working capital deficit of $1,628,051. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## 2. Significant Accounting Policies

(a) Basis of presentation and principles of consolidation

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

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis.

The condensed consolidated interim financial statements have been prepared on a historical cost basis. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Firebird Gold Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

(b) Use of Estimates and Judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses.

**2. Significant Accounting Policies** (continued)

(b) Use of Estimates and Judgments (continued)

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of amounts receivable and loan receivable, and unrecognized deferred income tax assets.

Judgments made by management include the factors used to determine the collectability of loan receivable and the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations. Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

During the period ended January 31, 2017, the Company changed its accounting policy with respect to the treatment of acquisition and exploration costs for exploration and evaluation assets by capitalizing all acquisition and exploration costs. The effects of the change in accounting policy have been applied retrospectively and the impact on the Company's financial statements is noted in Note 3.

(e) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

## 2. Significant Accounting Policies (continued)

(e) Reclamation and Remediation Provisions (continued)

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statements of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(f) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

*Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

**2. Significant Accounting Policies** (continued)

(f) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable and loan receivable.

*Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the consolidated statement of operations are not reversed through the consolidated statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

**2. Significant Accounting Policies** (continued)

(f) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, amounts due to related parties, notes payable and convertible debenture.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(g) Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**2. Significant Accounting Policies** (continued)

(h) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. When expenditures are renounced, the deferred income tax liability associated with the renounced tax deductions is recognized through the consolidated statement of operations with a pro-rata portion of the deferred premium.

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(j) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at January 31, 2017, the Company has nil (April 30, 2016 – nil) potential dilutive shares outstanding.

(k) Comprehensive Loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of operations.

(l) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(Expressed in Canadian dollars)

## 2. Significant Accounting Policies (continued)

(m) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended January 31, 2017, and have not been applied in preparing these consolidated financial statements.

- New standard IFRS 9, "Financial Instruments"
- Amendments to IAS1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## 3. Change in Accounting Policy

In September 2016, the Company changed its accounting policy regarding acquisition and exploration costs. The Company has elected to capitalize all acquisition and exploration costs of exploration and evaluation assets, as per IFRS 6, *Exploration for and Evaluation of Mineral Resources*, as it better reflects the Company's ongoing activities with respect to its mineral properties. Previously, exploration and evaluation acquisition and exploration costs were expensed as incurred. The impact of the change in accounting policy has been applied on a retroactive basis and had the following effects on the Company's financial statements:

*Statement of Financial Position*

| | April 30, 2016 | | |
|---|---|---|---|
| | As Reported $ | Adjustment $ | As Restated $ |
| Non-current assets | | | |
| Exploration and evaluation assets | – | 153,229 | 153,229 |
| Total assets | 33,581 | 153,229 | 186,810 |
| Shareholders' deficit | | | |
| Deficit accumulated during the development stage | (24,410,298) | 153,229 | (24,257,069) |
| Total shareholders' deficit | (1,759,783) | 153,229 | (1,606,554) |
| Total liabilities and shareholders' deficit | 33,581 | 153,229 | 186,810 |

*Statement of Operations*

| | Nine months ended January 31, 2015 | | |
|---|---|---|---|
| | As Reported $ | Adjustment $ | As Restated $ |
| Expenses | | | |
| Exploration and evaluation expenditures | 18,608 | (18,608) | – |
| Net loss for the period | (120,666) | 18,608 | (102,058) |

*Statement of Changes in Equity*

| | Balance, January 31, 2016 | | |
|---|---|---|---|
| | As Reported $ | Adjustment $ | As Restated $ |
| Balance, April 30, 2015 | (23,878,460) | 69,387 | (23,809,073) |
| Net loss for the period | (120,666) | 18,608 | (102,058) |
| Balance, January 31, 2016 | (1,227,945) | 87,455 | (1,140,490) |

(Expressed in Canadian dollars)

## 3. Change in Accounting Policy (continued)

*Statement of Changes in Equity* (continued)

| | Balance, January 31, 2017 | | |
|---|---|---|---|
| | As Reported $ | Adjustment $ | As Restated $ |
| Balance, April 30, 2016 | (24,347,381) | 111,022 | (24,236,359) |

*Statement of Cash Flows*

| | Nine months ended January 31, 2015 | | |
|---|---|---|---|
| | As Reported $ | Adjustment $ | As Restated $ |
| Operating activities | | | |
| Net loss | (120,666) | 18,608 | (102,058) |
| Accounts payable and accrued liabilities | 48,881 | (14,521) | 34,360 |

## 4. Mineral Properties

| | Mountain of Gold, Ontario $ | Buzzard, South Carolina $ | Jefferson, South Carolina $ | Total $ |
|---|---|---|---|---|
| *Acquisition costs:* | | | | |
| Balance, April 30, 2016 and January 31, 2017 | 800 | 27,000 | – | 27,800 |
| Additions | – | 6,593 | – | 6,593 |
| Total acquisition costs, January 31, 2017 | 800 | 33,593 | – | 34,393 |
| *Exploration costs:* | | | | |
| Balance, April 30, 2016 | 12 | – | 125,417 | 125,429 |
| Additions | 2,212 | 5,590 | – | 7,802 |
| Proceeds on sale of property | – | – | (125,417) | (125,417) |
| Total exploration costs, January 31, 2017 | 2,224 | 5,590 | – | 7,814 |
| Total, January 31, 2017 | 3,024 | 39,183 | – | 42,207 |

(a) Mountain of Gold, Ontario

Pursuant to a mineral property option agreement dated May 4, 2005, the Company was granted an option to acquire a 100% undivided interest in two claims in the Turnbull area of Ontario. In order to keep the option granted to the Company in good standing, the Company was obligated to:

(i) issue 50,000 common shares on regulatory approval of the agreement;
(ii) issue 50,000 common shares by May 4, 2006; and
(iii) issue 100,000 common shares by May 4, 2007.

The Company has earned a 100% interest in the property, subject to retention by the vendor of a 1% net smelter royalty if the Company commences commercial production on the claims. The Company has the option and right to purchase and cancel 100% of the net smelter royalty at any time for $1,000,000.

(Expressed in Canadian dollars)

**4. Mineral Properties** (continued)

(b) Buzzard Property, South Carolina

Pursuant to a mineral lease agreement dated September 1, 2008, the Company was granted an exclusive lease of all mineral exploration rights pertaining to approximately sixty-eight acres located in South Carolina and referred to as the Buzzard Property. In order to keep the lease granted to the Company in good standing, the Company is obligated to:

i) to pay $3,000 per year for each of the third and fourth years of the lease;
ii) to pay $4,000 per year for each of the fifth through seventh years of the lease;
iii) to pay $5,000 per year for each of the eighth and ninth years of the lease;
iv) upon the sooner of commercial production or the tenth year of the lease a minimum annual advance royalty of $15,000 per year;
v) the production royalty shall be based on 3.5% of the gross returns of mining production.

As at January 31, 2017 the Company has met all of the obligations of the lease.

**5. Accounts Payable and Accrued Liabilities**

| | January 31, 2017<br>$ | April 30, 2016<br>$ |
|---|---|---|
| Trade payables | 679,050 | 812,848 |
| Accrued liabilities | – | 7,000 |
| Interest payable | 170,457 | 142,396 |
| | 849,507 | 962,244 |

**6. Shares Held For Trading**

Pursuant to the Asset Purchase Agreement with Pancontinental Gold Corporation ("Pancon") entered into on May 20, 2016, on August 17, 2016 the Company 716,667 common shares of Pancon. The Company records the unrealized gain or loss on these shares at the end of each of its reporting periods based on the value of the shares at the time of receipt. As at August 17, 2016 the shares were valued at $0.075 per common share.

**7. Loan Receivable**

On July 18, 2011, the Company provided a loan to Velocity Data Inc. (formerly GTO Resources Inc.) (“Velocity Data”) for $700,000 to assist with its start-up expenditure costs. Under the terms of the loan, the amount is unsecured, bears interest at Royal Bank of Canada prime rate plus 3% per annum, compounded semi-annually, and was due on July 18, 2013. In addition, the loan is convertible into common shares of Velocity Data using a weighted average closing price of the first ten trading days following Velocity Data’s listing of their common shares, subject to a minimum conversion price of $0.10 per share.

The Company recorded the initial value of loan receivable at an amortized cost of $608,697, using a discount rate of 15%, which is management’s estimate of the prevailing market rate for a company of similar size and operations. As at January 31, 2017, the principal balance outstanding is $27,301 (April 30, 2016 - $27,301). During the period ended January 31, 2017, the Company recorded a write-down of $nil (April 30, 2016 - $192,921), comprised of $nil (April 30, 2016 - $177,461) for the principal balance and $nil (April 30, 2016 - $15,460) of accrued interest, as there is uncertainty as to the collection of the remaining amounts receivable. The Company is currently considering legal recourse to collect all amounts outstanding.

As at January 31, 2017, accrued interest of $3,614 (April 30, 2016 - $2,379) has been recorded in amounts receivable.

**8. Notes Payable**

(a) On December 10, 2009, the Company completed a convertible debenture financing for proceeds of $255,000. The convertible debenture is unsecured, bears interest at 10% per annum, and matured on December 11, 2014. The debenture is convertible into common shares of the Company at $0.10 per common share at the option of the holder for the duration of the term. The convertible feature expired on December 11, 2014 and convertible debenture was reallocated to notes payable. In addition, the debenture holder was issued 2,550,000 detachable common share purchase warrants exercisable at
$0.10 per share for a period of five years. In connection with this financing, the Company issued 255,000 units with a fair value of $16,575 as finder's fees. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of five years. All of these outstanding warrants expired on December 31, 2014.

The Company split the proceeds of the convertible debenture between debt and equity, based on the relative fair values of the debt, conversion option, and warrants. The amount attributable to the debt was $23,908 and the amount attributable to the conversion option and warrants was $231,092. This amount represented a deemed discount on the debt issuance, which is being accreted in the statement of operations using the effective interest rate method over the five year term of the debt. During the period ended January 31, 2017, the Company recorded accretion of $nil (April 30, 2016 - $ nil). As at January 31, 2017, the carrying value of the note payable is $255,000.

(b) On May 15, 2014, the Company received a loan from an unrelated company for $35,000. The loan is unsecured, bears interest at 10% per annum, and due on demand.

(c) On June 13, 2014, the Company received a loan from an unrelated company for $25,000. The loan is unsecured, bears interest at 10% per annum, and due on demand.

(d) On August 12, 2014, the Company received a loan from an unrelated company for $20,000. The loan is unsecured, bears interest at 10% per annum, and due on demand.

(e) On January 20, 2015, the Company received a loan from an unrelated company for $12,000. The loan is unsecured, bears interest at 10% per annum, and due on demand.

(f) On April 23, 2015, the Company received a loan from an unrelated company for $25,000. The loan is unsecured, bears interest at 10% per annum, and due on demand.

**9. Related Party Transactions**

(a) As at January 31, 2017, the Company owed $510,960 (April 30, 2016 - $448,950) to a company controlled by the Chief Executive Officer of the Company for management fees and expenses. The amount owing is unsecured, non-interest bearing, and due on demand.

(b) As at January 31, 2017, the Company owed $10,170 (April 30, 2016 - $10,170) to a company controlled by common directors, which is unsecured, non-interest bearing, and due on demand.

(c) During the period ended January 31, 2017, the Company incurred management fees of $54,000 (2016 - $54,000) and rent of $4,500 (2016 - $4,500) to a company controlled by the Chief Executive Officer of the Company.

**10. Stock Options**

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of five years and cannot be assigned or transferred.

**10. Stock Options** (continued)

The following table summarizes the continuity of the Company's stock options:

| | Number of Options | Weighted Average Exercise Price $ |
|---|---|---|
| Outstanding, April 30, 2016 | 3,860,000 | 0.60 |
| Expired | (3,860,000) | 0.60 |
| Outstanding, April 30, 2016 and January 31, 2017 | – | – |

**11. Financial Instruments and Risks**

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at January 31, 2017 as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments (Level 1) $ | Significant other observable inputs (Level 2) $ | Significant unobservable inputs (Level 3) $ | Balance, January 31, 2017 $ |
| Cash | 42,985 | – | – | 42,985 |

The fair values of other financial instruments, which include amounts receivable, loan receivable, accounts payable and accrued liabilities, amounts due to related parties, notes payable, and convertible debenture, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of accrued interest from loan receivable and GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk. The Company has minimal transactions in US dollars, and a 10% change in foreign exchange rates would not have a material effect on the Company's consolidated financial statements.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## 12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and equity portion of convertible debenture.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2016.