



**CHROMEDX CORP.**  
**CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**(PREPARED BY MANAGEMENT)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

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**CHROMEDX CORP.**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**MARCH 31, 2017**

The accompanying condensed unaudited interim consolidated financial statements of ChroMedX Corp. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

**Notice of no auditor review of interim financial statements:**

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

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

**CHROMEDX CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT**  
(Unaudited - in Canadian dollars)

	<u>Note</u>	March 31, 2017 (Unaudited)	September 30, 2016 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 532,674	\$ 5,162
Prepaid expenses		2,400	2,400
HST receivable		45,375	28,839
		<b>580,449</b>	<b>36,401</b>
<b>Property and equipment</b>	3	<b>1,450</b>	-
<b>Reclamation bonds</b>	5	<b>70,687</b>	70,425
<b>Promissory note</b>	6	<b>138,483</b>	250,000
<b>Patents</b>	4	<b>1,877,206</b>	2,203,918
		<b>\$ 2,668,275</b>	<b>\$ 2,560,744</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 52,679	\$ 215,310
Due to related parties	8	6,215	97,475
Provision for well abandonment costs	5	-	110,000
		<b>58,894</b>	<b>422,785</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Capital stock	7(a)	7,295,389	6,486,576
Warrant reserve	7(c)	1,998,220	972,830
Contributed surplus		865,425	526,316
Deficit		<b>(7,549,653)</b>	<b>(5,847,763)</b>
		<b>2,609,381</b>	<b>2,137,959</b>
		<b>\$ 2,668,275</b>	<b>\$ 2,560,744</b>

**NATURE OF OPERATIONS AND GOING CONCERN, (Note 1)**

Approved on behalf of the board:

"Mike Minder" Director  
"Gerard Edwards" Director

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

**CHROMEDX CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 and 2016**

(Unaudited - in Canadian dollars)

	<u>Note</u>	Three Months		Six Months	
		2017	2016	2017	2016
<b>Expenses</b>					
Management fees	8	\$ 37,500	\$ 34,500	\$ 87,500	\$ 58,000
Consulting fees		429,479	149,631	745,915	306,772
Office, general and administrative		43,729	45,539	80,148	83,302
Professional fees		62,788	16,785	97,096	26,872
Amortization	3	198	-	312	-
Patent amortization expense	4	163,356	66,384	326,712	132,768
Stock-based compensation	7(b)	-	30,198	362,257	56,126
Transfer agent and filing fees		-	-	1,950	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (737,050)</b>	<b>\$ (343,037)</b>	<b>\$ (1,701,890)</b>	<b>\$ (663,840)</b>
<b>(Loss) per share</b>					
Basic and fully diluted	11	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
Weighted average number of common shares outstanding, basic and diluted		<b>59,091,008</b>	57,061,230	<b>58,858,047</b>	54,997,164

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

**CHROMEDX CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 and 2016**

(Unaudited - in Canadian dollars)

		Capital Stock		Warrants	Contributed	Deficit	Total
	Note	Number of shares	Amount	reserve	surplus		
Balance, October 1, 2015		52,933,097	\$ 6,077,065	\$ 477,437	\$ 485,750	\$ (3,745,144)	\$ 3,295,108
Shares issued for cash, net of issuance costs		1,850,000	342,000	-	-	-	342,000
Share issue on exercise of warrant		787,000	113,050	-	-	-	113,050
Fair value on warrants		-	(148,013)	148,013	-	-	-
Share- based compensation		-	-	-	56,126	-	56,126
Net loss for the period		-	-	-	-	(663,840)	(663,840)
Balance, March 31, 2016		55,570,097	\$ 6,384,102	\$ 625,450	\$ 541,876	\$ (4,408,984)	\$ 3,142,444
Shares issued for cash, net of issuance costs		-	-	-	-	-	-
Share issue for cash on exercise of options		475,000	47,500	-	-	-	47,500
Share issue for cash on exercise of warrants		-	-	-	-	-	-
Fair value of options exercised		-	54,974	-	(54,974)	-	-
Fair value on warrants issued, exercised and expired		-	-	-	-	-	-
Share- based compensation		-	-	-	39,414	-	39,414
Warrant modification		-	-	347,380	-	(347,380)	-
Net loss for the period		-	-	-	-	(1,091,399)	(1,091,399)
Balance, September 30, 2016		56,045,097	\$ 6,486,576	\$ 972,830	\$ 526,316	\$ (5,847,763)	\$ 2,137,959
Shares issued for cash, net of issuance costs	7(a)(i),(ii)(iii)	9,700,667	1,303,255	-	-	-	1,303,255
Share issue for cash on exercise of options	7(b)	200,000	20,000	-	-	-	20,000
Share issue for cash on exercise of warrants	7(c)	2,439,000	487,800	-	-	-	487,800
Fair value of options exercised		-	23,148	-	(23,148)	-	-
Fair value on warrants issued, exercised and expired		-	(1,025,390)	1,025,390	-	-	-
Share- based compensation	7(b)	-	-	-	362,257	-	362,257
Net loss for the period		-	-	-	-	(1,701,890)	(1,701,890)
Balance, March 31, 2017		68,384,764	\$ 7,295,389	\$ 1,998,220	\$ 865,425	\$ (7,549,653)	\$ 2,609,381

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

**CHROMEDX CORP.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 and 2016**

(Unaudited - in Canadian dollars)

	Three Months		Six Months	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Net loss for the period	\$ (737,050)	\$ (343,037)	\$ (1,701,890)	\$ (663,840)
Adjustments not effecting cash:				
Interest on promissory note	4,017	-	4,017	-
Patent amortization expense	163,356	66,384	326,712	132,768
Amortization	198	-	312	-
Stock-based compensation	-	30,198	362,257	56,126
Changes in non-cash working capital				
Amounts receivable	66,300	22,302	-	-
HST receivable	12,100	12,830	(16,536)	43,981
Prepaid expense	-	62,500	-	125,000
Provision for well abandonment costs	(110,000)	-	(110,000)	-
Accounts payable and accrued liabilities	(86,966)	(65,628)	(162,631)	(107,087)
Cash flows used in operating activities	(688,045)	(214,451)	(1,297,759)	(413,052)
<b>Cash flows from investing activities</b>				
Property and equipment	-	-	(1,762)	-
Increase in reclamation bonds	(131)	-	(262)	(123)
Repayment from promissory note	35,000	(7,500)	107,500	(9,105)
Cash flows provided by (used) in investing activities	34,869	(7,500)	105,476	(9,228)
<b>Cash flows from financing activities</b>				
Issuance of common shares, net of issuance costs	955,107	113,050	1,811,055	455,050
Loan and advances from related party	4,520	-	(91,260)	-
Cash flows provided by financing activities	959,627	113,050	1,719,795	455,050
Net decrease in cash and cash equivalents	306,451	(108,901)	527,512	32,770
Cash and cash equivalents, beginning of period	226,223	242,742	5,162	101,071
Cash and cash equivalents, end of period	\$ 532,674	\$ 133,841	\$ 532,674	\$ 133,841

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

**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

ChroMedX Corp. ("the Company") was incorporated in British Columbia and is engaged in the business of research, development and manufacturing of in vitro diagnostics and point-of-care technologies. The principal business address of the Company is 65 Queen Street West Suite 520, Toronto, Ontario, M5H 2M5.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital of \$521,555 as at March 31, 2017 (September 30, 2016 - deficit of \$386,384). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed interim statement of financial position.

On June 30, 2014, the Company entered into a share exchange agreement with ChroMedX Ltd. ("ChroMedX") pursuant to which the Company has acquired from the ChroMedX shareholders all of the issued and outstanding shares of ChroMedX in exchange for an equal number of common shares in the capital of the Company (the "Acquisition"). ChroMedX will be the registered holder of certain patents and patents pending in the biomedical technology field. Upon completion of the Acquisition, ChroMedX became a wholly-owned subsidiary of the Company, and Monarch Energy Limited changed its name to ChroMedX Corp. The Acquisition was accounted for as a reverse acquisition.

On January 31, 2017, the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamated with ChroMedX to form an amalgamated corporation operating under the name of "ChroMedX Corp." (the "Company"). All amounts herein reflect the financial effects of the amalgamation.

**2. BASIS OF PRESENTATION****Statement of Compliance**

The condensed interim unaudited 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") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements.

The policies applied in these condensed interim unaudited financial statements are consistent with the policies disclosed in Notes 2 of the audited annual financial statements for the year ended September 30, 2016, prior to the year end change.

The condensed interim unaudited financial statements were authorized for issue by the Board of Directors on May 29, 2017.

**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

**Future Accounting Pronouncements**

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments, (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after August 1, 2018.

IFRS 15, revenue from contracts and customers (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18, revenue, IAS 11, construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017.

**3. PROPERTY AND EQUIPMENT**

	<u>Computer equipment</u>
<u>Cost</u>	
Balance, October 1, 2016	\$ -
Additions	\$ 1,762
Balance, March 31, 2017	<u>\$ 1,762</u>
 <u>Accumulated Amortization</u>	
Balance, October 1, 2016	\$ -
Amortization for the period	\$ 312
Balance, March 31, 2017	<u>\$ 312</u>
 <u>Carrying Amounts</u>	
Balance, October 1, 2016	\$ -
As at March 31, 2017	<u>\$ 1,450</u>



**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

**4. PATENTS**

The following is a summary of patents as at March 31, 2017:

Balance, September 30, 2014	\$	1,439,535
Additions		1,751,825
Amortization		(334,017)
Balance, September 30, 2015	\$	2,857,343
Amortization		(653,425)
Balance, September 30, 2016	\$	2,203,918
Amortization		(326,712)
<b>Balance, March 31, 2017</b>	<b>\$</b>	<b>1,877,206</b>

This asset relates to patents and a patent option which was granted by Infix Corp ("Infix") to the Company to acquire all rights, title and interest in and to the Patents, and was exercisable on or before 2 years following the date of the Option Agreement dated June 16 2014. In consideration of the option granted, the Company issued 15,000,000 common shares in the capital of the Company as of June 16 2014. The Company may exercise the option during the 2 year period for a purchase of \$1,500,000, such purchase price to be satisfied either by a cash payment or through the issuance of common shares of the Company at a minimum price of 20% discount to the 10-day volume weight average trading price of the Company's common shares immediately preceding the exercise of the option.

On December 9, 2014, the Company exercised the option and in consideration, issued 5,474,452 common shares to InvidX Corp.

**5. PROVISION FOR WELL ABANDONMENT COSTS**

The Company holds reclamation bonds with the Alberta Energy Regulator as required by section 1.100(2) of the Oil and Gas Conservation Regulations and Directive 006: License Liability Rating Program and License Transfer Process. The reclamation bonds are held for the purposes of the future well abandonment, related to the business of the Company prior to the reverse takeover transaction. During the quarter the Company abandoned the well and reversed the provision for well abandonment costs. The bonds will be released back to the Company after approval of site abandonment by the Alberta Energy Regulator (AER).

**6. PROMISSORY NOTE**

During the 2016 year end, the Company entered into a promissory note agreement in the amount of \$250,000 for the amount outstanding in the previous year from a shareholder. The loan bears interest at the Bank of Montreal prime rate plus 1% per annum and the principal and interest are due on demand.

**7. CAPITAL STOCK****(a) Common shares****Authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares.

- (i) In October 2016, the Company completed a non-brokered private placement of 4,400,000 units at a price of \$0.125 per unit for aggregate proceeds of \$550,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of \$28,000 and issued 84,000 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of \$0.20 for a period of 18 months from the date of issuance.

**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

- (ii) In December 2016, the Company completed a non-brokered private placement of 1,227,000 units at a price of \$0.15 per unit for aggregate proceeds of \$184,050. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of \$6,000 and issued 44,000 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of \$0.20 for a period of 18 months from the date of issuance.
- (iii) In February 2017, the Company completed a non-brokered private placement of 4,073,667 units at a price of \$0.15 per unit for aggregate proceeds of \$611,050. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of \$24,744 and issued 164,960 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of \$0.20 for a period of 18 months from the date of issuance.

**(b) Stock option plan and share-based compensation**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

The following table summarizes information concerning the Company's stock options outstanding as at March 31, 2017:

	Number of Options	Black-Scholes Value	Weighted Average Exercise Price
Outstanding as at September 30, 2013	5,000,000	\$ -	\$ 0.10
Cancelled	(5,000,000)	-	0.10
Granted	2,950,000	341,418	0.10
Outstanding as at September 30, 2014	2,950,000	\$ 341,418	\$ 0.10
Granted	1,150,000	225,718	0.26
Exercised	(700,000)	(81,014)	0.10
Outstanding at at September 30, 2015	3,400,000	\$ 486,122	\$ 0.15
Granted	620,000	98,948	0.20
Exercised	(475,000)	(54,974)	0.10
Outstanding as at September 30, 2016	3,545,000	\$ 530,096	\$ 0.16
Granted	2,800,000	362,257	0.15
Exercised/cancelled	(275,000)	(23,148)	0.10
<b>Outstanding as at March 31, 2017</b>	<b>6,070,000</b>	<b>869,205</b>	<b>\$ 0.16</b>

**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

The following common share purchase options are outstanding at March 31, 2017:

Date of Grant	Number of options outstanding	Exercise Price	Weighted Average remaining life (years)	Expiry Date	Number of options exercisable
July 10, 2014	1,500,000	\$ 0.10	2.22	July 10, 2019	1,500,000
October 9, 2014	600,000	\$ 0.18	0.43	October 7, 2017	300,000
December 10, 2014	550,000	\$ 0.345	2.58	December 10, 2019	550,000
December 7, 2015	620,000	\$ 0.20	3.61	December 7, 2020	620,000
October 24, 2016	2,800,000	\$ 0.15	4.49	October 24, 2021	2,800,000
	6,070,000				5,770,000

The fair value of options granted during the period ended March 31, 2017 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	<b>March 31, 2017</b>
Share price	\$0.15
Risk-free interest rate	0.60%
Expected life of options	5 years
Annualized volatility	129%
Dividend rate	Nil
Forfeiture rate	0%

In the condensed interim consolidated statement of operations, the Company recorded stock-based compensation expense of \$362,257 for the period ended March 31, 2017 (March 31, 2016 - \$56,126).

**(c) Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended March 31, 2017:

	Number of Warrants	Black-Scholes Value	Weighted Average Exercise Price
Balance, September 30, 2014	12,920,000	\$ 173,720	\$ 0.22
Exercised	(1,696,500)	(11,019)	0.16
Issued	9,183,452	327,435	0.20
Expired	(1,485,000)	(12,699)	0.15
Balance, September 30, 2015	18,921,952	\$ 477,437	\$ 0.22
Exercised	(787,000)	(9,562)	0.15
Expired	(379,000)	(138)	0.15
Issued	1,990,000	157,713	0.30
Balance, September 30, 2016	19,745,952	\$ 625,450	\$ 0.23
Exercised	(2,439,000)	(125,608)	0.20
Expired	(15,316,952)	(342,129)	0.20
Issued	9,993,627	1,283,791	0.20
Balance, March 31, 2017	11,983,627	\$ 1,441,504	\$ 0.21

**CHROMEDX CORP.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2017 AND 2016**

(Unaudited - in Canadian dollars)

The assumptions used for the valuation of warrants are as follows:

	<u>March 31, 2017</u>
Share price	\$0.15 - \$0.27
Risk-free interest rate	0.53% - 0.75%
Time to maturity	2 years
Estimated volatility in the market price of the common shares	132% - 138%
Dividend yield	<u>NIL</u>

At March 31, 2017, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants	Exercise Price	Fair Value	Expiry date
-	\$ -	\$ -	
1,890,000	\$ 0.30	\$ 149,642	October 14, 2017
100,000	\$ 0.30	\$ 8,071	November 6, 2017
4,484,000	\$ 0.20	\$ 361,895	April 24, 2018
1,271,000	\$ 0.20	\$ 184,349	June 29, 2018
4,238,627	\$ 0.20	\$ 737,547	August 2, 2018
<u>11,983,627</u>		<u>\$ 1,441,504</u>	

During the year ended September 30, 2016, the Company extended 8,572,500 warrants with expiry dates of July 7, 2016, Mar 5, 2016 and March 22, 2016 to December 31, 2016 and all have expired. The incremental value of the warrants due to the modification of \$347,380 was recorded to warrants reserve and deficit.

**8. RELATED PARTY TRANSACTIONS**

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

As at March 31, 2017, amounts due to related parties consist of \$6,215 (September 30, 2016 - \$97,475) to companies controlled by officers and directors of the Company.

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	<u>March 31, 2017</u>	March 31, 2016
Share-based compensation (note 7(b))	\$ -	\$ 12,060
Short-term benefits*	<u>\$ 76,500</u>	<u>\$ 42,000</u>

\*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

**9. FINANCIAL RISK FACTORS**

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other financial instrument, being reclamation bonds, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

**Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

**a) Interest Rate Risk**

The Company has cash balances, and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

**b) Foreign currency risk**

As at March 31, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

**Liquidity Risk**

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at March 31, 2017, the Company held cash of \$532,674 (September 30, 2016 - \$5,162) to settle current liabilities of \$58,894 (September 30, 2016 - \$422,785). All of the Company's non-provision liabilities are due with the next fiscal year.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, cash equivalents and promissory note receivable. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

**10. CAPITAL MANAGEMENT**

The Company defines capital management in the manner it manages its capital stock. As at March 31, 2017 the Company's capital stock was \$7,295,389 (September 30, 2016 - \$6,486,576).

There were no changes in the Company's approach to capital management during the period ended March 31, 2017 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

**11. BASIC AND DILUTED LOSS PER SHARE**

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the period ended March 31, 2017, this would be anti-dilutive.

**12. RECLASSIFICATION**

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior year's net losses.