

Acme Resources Inc.
Condensed Interim Financial Statements
Six Months Ended December 31, 2016

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE TO READER

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 unaudited interim condensed financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these 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 auditor.

Acme Resources Inc.
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	December 31, 2016	June 30, 2016
ASSETS			
Current assets			
Cash		\$ 12,320	\$ 6,424
Marketable securities	4	44,000	353
Receivable	5	2,009	3,380
Prepaid expenses and deposits		-	6,096
		58,329	16,253
Non-current assets			
Equipment	6	897	998
Exploration and evaluation assets	8	379,124	418,939
		380,021	419,937
TOTAL ASSETS		\$ 438,350	\$ 436,190
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	9	\$ 60,224	\$ 41,870
Promissory notes	10	39,604	-
TOTAL LIABILITIES		99,828	41,870
SHAREHOLDERS' EQUITY			
Share capital	12	17,433,815	17,433,815
Reserves	13	946,400	954,400
Deficit		(18,041,693)	(17,993,895)
TOTAL SHAREHOLDERS' EQUITY		338,522	394,320
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 438,350	\$ 436,190

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 16)

Approved on Behalf of the Board:

/s/ "Robert Edwards"

Robert Edwards, Director

/s/ "Sean Pownall"

Sean Pownall, Director

Acme Resources Inc.
Condensed Interim Statements of Comprehensive Income and Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Notes	Three Months ended		Six Months ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Expenses					
Amortization	6	\$ 51	\$ 79	\$ 101	\$ 159
Consulting fees	14	3,750	3,750	7,500	7,500
Interest	10	498	4,821	523	9,155
Office and miscellaneous		9,877	11,632	16,319	21,782
Professional fees		21,442	1,430	31,586	5,802
Transfer agent and filing fees		9,662	2,698	10,812	3,117
		(45,280)	(24,410)	(66,841)	(47,515)
Other items					
Gain on disposal of marketable securities		6,859	-	6,859	-
Gain on disposal of exploration and evaluation assets		12,184	-	12,184	-
Recovery of investment		152,000	-	152,000	-
Net income (loss)		125,763	(24,410)	104,202	(47,515)
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Unrealized gain (loss) on short-term investments		(8,000)	(314)	(7,843)	(157)
Total comprehensive income (loss)		\$ 117,763	\$ (24,724)	\$ 96,359	\$ (47,672)
Loss per share - basic and diluted		\$ 0.007	\$ (0.002)	\$ 0.006	\$ (0.004)

Acme Resources Inc.
Condensed Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves		Deficit	Total
		Number of shares	Amount	Stock option reserve	Investment revaluation reserve		
Balance at June 30, 2015		11,324,855	\$ 17,161,236	\$ 954,400	\$ (10,326)	\$ (17,879,227)	\$ 226,086
Net loss		-	-	-	-	(47,515)	(47,515)
Unrealized gain on marketable securities		-	-	-	(157)	-	(157)
Balance at December 31, 2015		11,324,855	\$ 17,161,236	\$ 954,400	\$ (10,483)	\$ (17,926,742)	\$ 178,411
Balance at June 30, 2016		16,776,435	\$ 17,433,815	\$ 954,400	-	\$ (17,993,895)	\$ 394,320
Net income (loss)		-	-	-	-	104,202	104,202
Unrealized gain on marketable securities		-	-	-	157	-	157
Unrealized loss on marketable securities		-	-	-	(8,000)	-	(8,000)
Disposal of marketable securities		-	-	-	(157)	-	(157)
Dividends paid		-	-	-	-	(152,000)	(152,000)
Balance at December 31, 2016		16,776,435	\$ 17,433,815	\$ 954,400	\$ (8,000)	\$ (18,041,693)	\$ 338,522

See accompanying notes to the financial statements

Acme Resources Inc.
Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Six Months Ended	
	December 31, 2016	December 31, 2015
Operating activities		
Net income (loss)	\$ 104,202	\$ (47,515)
Adjustments for:		
Accrued loan interest	523	9,155
Amortization	101	159
Gain on disposal of marketable securities	(6,859)	-
Gain on disposal of exploration and evaluation assets	(12,184)	-
Recovery on investment	(152,000)	-
Changes in non-cash working capital items:		
Receivables	1,371	(541)
Prepaid expenses and deposits	6,096	1,245
Trade payables and accrued liabilities	17,831	2,329
Net cash flows used in operating activities	(40,919)	(35,168)
Financing activities		
Proceeds from promissory notes	39,604	50,000
Proceeds from sale of marketable securities	7,308	-
Net cash flows from financing activities	46,912	50,000
Increase (decrease) in cash	5,993	14,832
Cash, beginning	6,327	6,537
Cash, ending	\$ 12,320	\$ 21,369

Acme Resources Inc.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
(Unaudited – Prepared by Management)
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1. Nature and continuance of operations

Acme Resources Inc. (the “Company”) was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “ARI.V”.

The head office, principal address and records office and registered office of the Company are located at 736 Granville Street, Suite 1100, Vancouver, British Columbia, Canada, V6Z 1G3.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2016, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on February 27, 2017 by the directors of the Company.

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended June 30, 2016, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective July 1, 2016.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements included an equity interest in Golden Harp Resources Inc. (“Golden Harp”), a company listed on NEX board the TSX-V. The Company’s ownership interest in Golden Harp was reduced to

Acme Resources Inc.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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2. Significant accounting policies and basis of presentation (continued)

0% at December 31, 2016 (June 30, 2016 – 29.7%) due to a dividend in specie on October 5, 2016 of 950,000 common shares of Golden Harp at a value of \$152,000 and the disposal of the remaining 50,000 shares held by the Company which resulted in a gain on disposal of \$6,859. The carrying value of the Company's investment in Golden Harp was reduced to \$NIL as of June 30, 2013.

The Company's ownership interest in Golden Harp was accounted for using the equity method, however, the Company has suspended applying the equity method as the Company's share of cumulative losses and impairments exceeds its investment and the Company had no obligation or intention to fund Golden Harp's losses.

Investments

Investments in which the Company has a significant influence are accounted for by the equity method, whereby the Company records its proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity.

When the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses, the Company suspends applying the equity method. The Company will not be able to record any equity in income with respect to an entity until its share of future profits is sufficient to recover any cumulative losses that have not previously been recorded.

3. Adoption of New and Amended IFRS Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning July 1, 2017 or later periods.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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 January 1, 2018 with early adoption permitted.

The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its 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 financial statements.

4. Marketable securities

Marketable securities consist of shares of unrelated listed companies.

5. Receivable

Receivable consists of GST recoverable.

Acme Resources Inc.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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6. Equipment

	Computer equipment	Computer software	Office equipment	Total
Cost:				
At June 30, 2015	\$ 18,236	\$ 2,327	\$ 13,964	\$ 34,527
Disposals	(150)	-	-	(150)
At June 30, 2016	18,086	2,327	13,964	34,377
At December 31, 2016	18,086	2,327	13,964	34,377
Amortization:				
At June 30, 2015	17,982	2,325	12,753	33,060
Charge for the year	76	1	242	319
At June 30, 2016	18,058	2,326	12,995	33,379
Charge for the year	4	1	96	101
At December 31, 2016	18,062	2,327	13,091	33,480
Net book value:				
At June 30, 2016	\$ 28	\$ 1	\$ 969	\$ 998
At December 31, 2016	\$ 24	\$ -	\$ 873	\$ 897

7. Investment in Golden Harp

At December 31, 2016 and, the Company owned Nil (June 30, 2016 - 1,000,000) shares of Golden Harp representing a 0% (2016: 29.7%) interest in Golden Harp. The Company, through its shareholding in Golden Harp, exercised significant influence over that company, and as a result, the investment in Golden Harp was accounted for using the equity method. The Company has suspended applying the equity method as the Company's share of cumulative losses and impairments exceeds its investment and the Company has no obligation or intention to fund Golden Harp's losses. On October 5, 2016, the Company declared a special dividend in specie of an aggregate of 950,000 shares of Golden Harp, or one Golden Harp common shares for every approximately 18 common shares held by the Company, to the holders' of the Company's common shares. The dividend was valued using the price of the Golden Harp shares on the date of the dividend which was \$0.16 per share for a total of \$152,000. The remaining balance of 50,000 Golden Harp shares was disposed of before December 31, 2016 resulting in a gain on disposal of \$6,859.

The investment in Golden Harp balance was \$NIL for the six months ended December 31, 2016 and year ended June 30, 2016.

Summarized financial information of Golden Harp for the three months ended September 30, 2016 and year ended June 30, 2016 is as follows:

	September 30, 2016	June 30, 2016
Assets	\$ 291,556	\$ 309,011
Liabilities	\$ 307,800	\$ 297,493
Revenues	\$ -	\$ -
Net loss	\$ 16,882	\$ 122,601

As at December 31, 2016, the Company's investment in Golden Harp was reduced to Nil. On June 30, 2016, it had a quoted market value of \$120,000.

Acme Resources Inc.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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8. Exploration and evaluation assets

	Balance December 31, 2016	Current Expenditures	Balance June 30, 2016	2016 Expenditures	Balance June 30, 2015
Nor Property, Yukon					
Property acquisition costs	\$ 422,080	\$ -	\$ 422,080	\$ -	\$ 422,080
Impairment	(122,675)	-	(122,675)	-	(122,675)
	299,405	-	299,405	-	299,405
Exploration and evaluation costs					
Accommodation and meals	342,890	-	342,890	-	342,890
Assay and soil sampling	68,787	-	68,787	-	68,787
Diamond drilling	850,848	-	850,848	-	850,848
Drafting	15,234	-	15,234	-	15,234
Fuel	368,699	-	368,699	-	368,699
Geologist	526,111	-	526,111	-	526,111
Geophysics	281,283	-	281,283	-	281,283
Helicopter	1,516,526	-	1,516,526	-	1,516,526
Housing	28,900	-	28,900	-	28,900
Licenses	33,299	-	33,299	-	33,299
Line cutting	109,794	-	109,794	-	109,794
Supervision	94,305	-	94,305	-	94,305
Supplies and miscellaneous	148,613	-	148,613	-	148,613
Support wages	337,260	-	337,260	-	337,260
Surveys	86,568	-	86,568	-	86,568
Travel and transport	119,611	-	119,611	-	119,611
Mineral exploration tax credits	(595,129)	-	(595,129)	-	(595,129)
Impairment	(4,264,660)	-	(4,264,660)	-	(4,264,660)
	68,940	-	68,939	-	68,939
Total Nor Property, Yukon	368,344	-	368,344	-	368,344
Bear River, BC					
Property acquisition costs	10,389	-	10,389	-	10,389
Disposal	(10,389)	-	-	-	-
	-	-	10,389	-	10,389
Exploration and evaluation costs					
Assays	326	-	326	-	326
License and recording fees	15,126	-	15,126	-	15,126
Supervision	13,750	-	13,750	-	13,750
Supplies and miscellaneous	224	-	224	-	224
Disposals	(29,426)	-	-	-	-
	-	-	29,426	-	29,426
Total Bear River, BC	-	-	39,815	-	39,815

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Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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8. Exploration and evaluation assets (continued)

Carswell, Saskatchewan					
Property acquisition costs	-	-	-	-	-
Exploration and evaluation costs					
Supervision	10,750	-	10,750	-	10,750
Supplies and miscellaneous	30	-	30	-	30
	10,780	-	10,780	-	10,780
Total Carswell, Saskatchewan	10,780	-	10,780	-	10,780
Total	\$ 379,124	\$ -	\$ 418,939	\$ -	\$ 418,939

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR for a purchase price of \$2,000,000 and the right of first refusal on the remaining 50%.

(b) Bear River Property, British Columbia

The Bear River Property consisted of mineral claims in the Skeena Mining Division, British Columbia. On November 9, 2016 the Company disposed of the Bear River property for total consideration of 800,000 common shares at a price of \$0.065 of the purchaser.

(c) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid \$25,000 cash, issued 200,000 of its shares and incurred \$100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the Option Agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% NSR for all uranium mineral products and a 2% NSR for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

9. Trade payables and accrued liabilities

	December 31, 2016	June 30, 2016
Trade payables (Note 14)	\$ 55,724	\$ 32,870
Accrued liabilities	4,500	9,000
	\$ 60,224	\$ 41,870

Acme Resources Inc.
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10. Promissory notes

Three promissory notes totaling \$39,604 is payable to a relative of a director of the Company (June 30, 2016 – \$NIL). The notes are due September 16, 2017 in the amount of \$6,604, October 31, 2017 in the amount of \$17,000 and December 20, 2017 in the amount of \$16,000 or earlier upon a default by the Company. The promissory notes bear interest at the rate of 10% per annum payable when the notes become due. The interest rate is fixed until the maturity date of the promissory note (Note 14).

On April 21, 2016, one promissory note of \$100,000, five of \$20,000 each, and one of \$30,000 totaling \$230,000 were settled with the issuance of 5,451,580 shares to a relative of a director of the Company for a fair value of \$272,579, which included \$42,579 of interest (Note 12). The notes were due August 7, 2016, July 16, 2016, November 19, 2016, February 11, 2017, August 4, 2016, March 3, 2017 and November 25, 2016 respectively, or earlier upon a default by the Company. The promissory notes bore interest at the rate of 10% per annum payable quarterly. The interest rate was fixed until the maturity date of the promissory note (Note 14).

During the six months ended December 31, 2016, the Company recorded accrued interest of \$523 (2016 - \$9,155) on the promissory notes (Note 14).

11. Restoration and environmental obligations

The Company did not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2016 there were 16,775,435 (June 30, 2016 – 16,776,435) issued and fully paid common shares.

Share Issuances

During the six months ended December 31, 2016 the Company did not issue any common shares.

During the year ended June 30, 2016 the Company issued 5,451,580 shares with a fair value of \$272,579 to a relative of a director in order to settle debt of \$272,579 (Note 10).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended December 31, 2016 was based on the net income attributable to common shareholders of \$104,202 (December 31, 2015 – \$47,515) and the weighted average number of common shares outstanding of 16,776,465 (December 31, 2015 – 11,324,885).

Diluted loss per share did not include the effect of NIL (December 31, 2015 – Nil) stock options as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not

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Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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12. Share capital (continued)

exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of \$0.10. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or thirty days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

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

	December 31, 2016		June 30, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	-	\$ -	350,000	\$ 0.24
Options expired	-	-	(350,000)	0.24
Options cancelled	-	-	-	-
Options outstanding, ending	-	\$ -	-	\$ -
Options exercisable, ending	-	\$ -	-	\$ -

13. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

14. Related party transactions

The Company incurred the following related party transactions with companies that are controlled by a relative of a director of the Company.

	Six Months Ended	
	December 31, 2016	December 31, 2016
Interest expense – relative of a director of the Company	\$ 523	\$ 9,155

Key management personnel compensation

	Six Months Ended	
	December 31, 2016	December 31, 2016
Consulting fees - payments made to officers	\$ 7,500	\$ 7,500

Related party balances

Three promissory notes totaling \$39,604 (June 30, 2016 – \$NIL) and accrued interest of \$523 (June 30, 2016 – \$NIL) are payable to a relative of a director of the Company (Note 10).

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Notes to the Condensed Interim Financial Statements
For the Six Months Ended December 31, 2016 and 2015
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14. Related party transactions

Related party balances (continued)

Included in trade payables and accrued liabilities at December 31, 2016 is \$39,375 (June 30, 2016 – \$31,500) owed to an officer of the Company for accrued consulting fees (Note 9).

15. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

At December 31, 2016 and June 30, 2016 all of the Company's assets are located in Canada.

16. Subsequent event

On January 4, 2017, the Company announced that a new Board of Directors was voted in at the Company's Annual General Meeting.