Fandom Sports Media Corp.
(Formerly Hatch Interactive Technologies Corp.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED APRIL 30, 2017

(Unaudited)

(Expressed in Canadian Dollars)

These unaudited consolidated interim financial statements of Fandom Sports Media Corp. for the three months ended April 30, 2017 have been prepared by management and approved by the Board of Directors. These unaudited consolidated interim financial statements have not been reviewed by the Company's external auditors.

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp.)
Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	**Notes**	**April 30, 2017**	January 31, 2017
ASSETS			
Current assets			
Cash		**$ 405,019**	$ 60,000
Receivable	5	**4,171**	11,815
Prepaid expenses	10	**34,111**	32,944
		443,300	104,759
Non-current assets			
Equipment	6	**1,986**	2,302
Intangible assets	7	**1,041,400**	907,447
		1,043,386	909,749
TOTAL ASSETS		**$ 1,486,686**	$ 1,014,508
LIABILITIES			
Current liabilities			
Bank indebtedness		**$ -**	$ 3,973
Accounts payable and accrued liabilities	9, 12	**228,774**	523,389
		228,774	527,362
EQUITY			
Share capital	10	**4,613,222**	3,730,222
Share-based payment reserve	11	**947,829**	878,629
Deficit		**(4,303,138)**	(4,121,705)
TOTAL EQUITY		**1,257,912**	487,146
TOTAL LIABILITIES AND EQUITY		**$ 1,486,686**	$ 1,014,508

Nature and continuance of operations and going concern (Note 1)
Events after the reporting period (Note 16)

Approved and authorized by the Board on June 29, 2017

Director *"Blair Naughty"* **Director** *"William McGraw"*

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp.)
Consolidated interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Notes	Three Months ended: April 30, 2017	Three months ended: April 30, 2016
Expenses			
Amortization	6, 7	**317**	-
Consulting and management fees	12	**81,838**	105,103
Interest and Bank Charges		**2,453**	-
Legal and audit		**4,450**	1,103
Office and general		**84**	15,345
Share-based compensation	10, 12	**69,200**	-
Transfer Agent and Filing Fees		**9,628**	-
Travel and promotion		**13,464**	75,861
Loss and comprehensive loss for the period		**181,434**	197,412
Loss per share – basic and diluted		**0.003**	0.003
Weighted number of common shares outstanding		**72,601,583**	49,336,490

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp.)
Consolidated interim Statements of Changes in Equity
(Expressed in Canadian dollars)

		SHARE CAPITAL				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at January 31, 2016		**47,011,157**	**$ 2,421,236**	**$ 443,100**	**$ (2,386,826)**	**$ 477,510**
Transactions with owners, in their capacity as owners and other transfers:						
Shares issued for cash	10	3,270,000	163,500	-	-	163,500
Shares issued Finder's fee	10	100,000	5,000	-	-	5,000
Finder's fee	10	-	(5,000)	-	-	(5,000)
Shares issued for debt settlement	10	100,000	15,000	-	-	15,000
Net and comprehensive loss		-	-	-	(197,412)	(197,412)
Balance at April 30, 2016		**50,481,157**	**$ 2,599,736**	**$ 443,100**	**$ (2,584,238)**	**$ 458,599**

Balance at January 31, 2017		**71,732,370**	**$ 3,730,222**	**$ 878,629**	**$ (4,121,705)**	**$ 487,146**
Transactions with owners, in their capacity as owners and other transfers:						
Shares issued for cash	10	17,660,000	883,000	-	-	883,000
Shares issued for Finder's fee	10	1,680,000	84,000	-	-	84,000
Finder's fee	10	-	(84,000)	-	-	(84,000)
Stock based compensation	10	-	-	69,200	-	69,200
Net and comprehensive loss		-	-	-	(181,434)	(181,434)
Balance at April 30, 2017		**91,072,370**	**$ 4,613,222**	**$ 947,829**	**$ (4,303,139)**	**$ 1,257,912**

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp.)
Consolidated interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended: April 30, 2017	Three months ended: April 30, 2016
Operating activities		
Loss for the period	**$ (181,434)**	$ (197,412)
Adjustments for non-cash items:		
Amortization/Depreciation	**317**	-
Services settled with shares	**-**	15,000
Stock-based compensation	**69,200**	-
Changes in non-cash working capital items:		
Receivable	**7,644**	(3,096)
Prepaid	**(1,167)**	32,636
Payables and accrued liabilities	**(294,615)**	27,223
Net cash flows from (used in) operating activities	**(400,055)**	(125,649)
Investing activities		
Website Development Costs	**(133,953)**	(34,651)
Expenditures on equipment	**-**	-
Net cash flows used in investing activities	**(133,953)**	(34,651)
Financing activities		
Bank indebtedness	**(3,973)**	(24)
Proceeds on issuances of common shares	**883,000**	163,500
Net cash flows from financing activities	**879,027**	163,476
Increase (Decrease) in cash and cash equivalents	**345,019**	3,177
Cash, beginning	**60,000**	-
Cash, ending	**$ 405,019**	$ 3,177
Non-cash transactions:		
Common shares issued for debt	$ -	$ -
Common shares issued for services	$ -	$ -

1. Nature and continuance of operations and going concern

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp. and Tosca Resources Corp), (the "Company") is a publicly listed company incorporated in Canada under the British Columbia Corporations Act on May 12, 2006.

On August 30, 2015, Tosca Resources Corp. ("Tosca") completed a Share Exchange Agreement (Note 8) with Hatchitech Technologies Corp. ("Hatchitech"), a private company incorporated on February 21, 2011 under the laws of British Columbia, Canada. On September 4, 2015, the Company ceased trading on the TSX-Venture Exchange and began trading on the Canadian Securities Exchange ("CSE") under the trading symbol "HAT" (subsequently changed to "FDM" on August 3, 2016). The transaction was accounted for as an acquisition of Tosca by Hatchitech, resulting in a reverse take-over (the "RTO"). Immediately following the RTO, Tosca changed its name to Hatch Interactive Technologies Corp. and on August 3, 2016, to Fandom Sports Media Corp. On February 10, 2016, Hatchitech changed its name to Fandom Media Group Inc. For the purposes of these consolidated financial statements, the "Company" refers to Hatchitech prior to the date of RTO and the consolidated entity thereafter.

The Company's primary business is the development and monetization of online and mobile applications.

The Company's registered and records office is located at Suite 1710, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company's head office is located at 1100 Melville Street, Suite 830, Vancouver, British Columbia, Canada V6E 4A6.

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 assets and discharge liabilities in the ordinary course of operations. The Company's continuation as a going concern is dependent upon the successful results from the development and monetization of the Company's online and mobile applications and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations, all of which are uncertain. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from related parties, exercise of stock options and/or private placement of common shares.

2. Statement of Compliance and Basis of Presentation

Statement of compliance

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

These unaudited consolidated interim financial statements do not include all of the information required of a full annual financial report 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 financial report be read in conjunction with the annual financial statements of the Company for the year ended January 31, 2017.

Basis of Presentation

Effective August 30, 2015, in connection with the RTO, the Company consolidated its common shares on a 3:2 basis (3 old shares were exchanged for 2 new shares). All disclosures regarding number of shares, stock options, share purchase warrants and loss per share in current and previous accounting periods have been adjusted retroactively to reflect this consolidation.

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The presentation and functional currency is the Canadian dollar.

2. Statement of Compliance and Basis of Presentation (continued)

Basis of presentation (continued)

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, as follows:

		Percentage owned	
	Jurisdiction of Incorporation	April 30, 2017	April 30, 2016
Fandom Media Group Inc.	Canada	100%	100%

The consolidated financial statements include the accounts of Tosca from August 30, 2015, the date of the RTO. The financial statements prior to this date include only the accounts of Hatchitech. Inter-company transactions and balances are eliminated upon consolidation.

3. Significant Accounting Policies

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

- Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model; and
- Recoverability of amounts capitalized as intangible assets.

Foreign exchange

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

3. Significant Accounting Policies (continued)

Intangible assets

Intangible assets consist of website and platform developed in-house or acquired externally, on which advertisements are placed. The amount initially recognized for internally-generated intangible assets is in the sum of the expenditure incurred from the date when the intangible asset first meet the following recognition criteria: i) the technical feasibility of completing the intangible assets so that it will be available-for-use or sale; ii) its intension to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probably future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred. Subsequent to initial recognition, the Company reports internally-generated intangible assets at cost less accumulated amortization and accumulated impairment losses.
Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisition or business combinations are initially recognized at fair value based on an allocation of the purchase price.

Intangible assets in use are amortized on a straight-line basis over their estimated useful life of 5 years. The amortization method, estimated useful life and residual values are reviewed each financial year end or more frequently if required, and are adjusted as appropriate. Intangible assets under development and not ready for use are not amortized.

Share-based compensation

Stock-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. Significant Accounting Policies (continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of statement of loss and comprehensive loss.

Other financial liabilities: This category consists of non-derivative financial liabilities which are measured at amortized cost.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as fair value through profit or loss.
b) Receivables have been classified as loans and receivables and measured at amortized cost.
c) Accounts payable have been classified as other financial liabilities and are measured at amortized cost.

Disclosures are required about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

See Note 13 for relevant disclosures.

3. Significant Accounting Policies (continued)

Impairment of assets

The carrying amount of the Company's long-lived assets (which include equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are included in the determination of net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian 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 profit or loss. 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.

<u>Deferred tax:</u>

Deferred 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 tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred 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 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 taxes relate to the same taxable entity and the same taxation authority.

3. Significant Accounting Policies (continued)

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of equipment	**Amortization rate**
Computer equipment	30% declining balance

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

4. New Standard, Interpretations and Amendments Not Yet Effective

A number of new standards, amendments to standards and interpretations are not yet effective as of April 30, 2017 and have not been applied in preparing these financial statements.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". 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. 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. The Company will adopt this standard effective February 1, 2018.

Other new accounting standards and 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.

(Expressed in Canadian dollars)

5. Receivable

		April 30, 2017		April 30, 2016
Recoverable taxes	$	**4,171**	$	3,592
	$	**4,171**	$	3,592

6. Equipment

		Computer equipment
Cost:		
At January 31, 2015	$	5,771
Additions		1,350
At January 31, 2016		7,121
Additions		2,567
At January 31, 2017		9,688
Additions		-
At April 30, 2017	**$**	**9,688**
Accumulated amortization:		
At January 31, 2015	$	3,888
Charge for the year		2,254
At January 31, 2016		6,142
Charge for the year		1,244
At January 31, 2017		7,386
Charge for the period		317
At April 30, 2017	**$**	**7,703**
Net book value:		
At January 31, 2016	$	979
At January 31, 2017		2,302
At April 30, 2017	**$**	**1,986**

(Expressed in Canadian dollars)

7. Intangible Assets

	Websites	Websites under development	Total
Cost			
Balance January 31, 2015	$ 164,309	$ 355,446	$ 519,755
Additions	-	330,992	330,992
At January 31, 2016	164,309	686,438	850,747
Additions	-	221,009	221,009
At January 31, 2017	164,309	907,447	1,071,756
Additions	-	133,953	133,593
At April 30, 2017	**164,309**	**1,041,400**	**1,205,709**
Accumulated Amortization			
At January 31, 2015	$ 131,447	$ -	$ 131,447
Amortization	32,862	-	32,862
At January 31, 2016	164,309	-	164,309
Amortization	-	-	-
At January 31, 2017	164,309	-	164,309
Amortization	-	-	-
At April 30, 2017	**164,309**	**-**	**164,309**
Net Book Value			
At January 31, 2016	$ -	$ 686,438	$ 686,438
At January 31, 2017	-	907,447	907,447
At April 30, 2017	**$ -**	**$ 1,041,400**	**$ 1,041,400**

8. Share Exchange Agreement

On August 30, 2015, in accordance with the Share Exchange Agreement (Note 1), Tosca issued 32,124,732 common shares for all of the issued and outstanding 32,124,732 shares of Hatchitech.

The transaction resulted in the shareholders of Hatchitech acquiring control of the Company. Therefore, the transaction has been accounted for as an acquisition of Tosca by Hatchitech. As Tosca does not meet the definition of a business as defined in IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The excess of the consideration over the net assets acquired was expensed as the cost of obtaining a public listing.

The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired:

Consideration	**Number**	**Amount**
Outstanding common shares of Tosca	13,496,425	$1,349,643
Outstanding stock options of Tosca	755,500	32,000
Outstanding warrants of Tosca	8,261,063	129,000
Fair value of Tosca's equity		1,510,643
Net assets acquired		(345,500)
Listing fee		$1,165,143

As Hatchitech is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying values. The consolidated financial statements are a continuation of Hatchitech. Tosca's financial performance and cash flows are included from August 30, 2015.

(Expressed in Canadian dollars)

9. Accounts payable and accrued liabilities

		April 30, 2017		April 30, 2016
Accounts payable (Note 12)	$	181,285	$	320,154
Accrued liabilities		47,489		22,789
	$	**228,774**	**$**	**342,943**

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

Issued and outstanding on April 30, 2017: 91,072,370 (April 30, 2016: 50,481,157)

Concurrent with the RTO, the Company completed a share consolidation of its common shares on a 3:2 (3 old for 2 new) basis. All references to the issuance, granting, exercising of common stock, stock options and warrants and loss per share amounts in the financial statements have been adjusted to reflect the retroactive effect of the stock split and the share consolidation.

At April 30, 2017, 9,368,879 shares are held in escrow.

Changes in Share Capital

On April 26, 2017, the Company completed a private placement whereby it issued 17,660,000 units at $0.05 per unit for total gross proceeds of $883,000. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until April 25, 2019. For finders of this private placement, the Company issued 1,680,000 shares with a fair value of $84,000 and 1,680,000 warrants with a fair value of $69,200. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 0.74%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On January 28, 2017, the Company completed a private placement whereby it issued 3,230,000 units at $0.05 per unit for total gross proceeds of $161,500. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until January 27, 2019.

On September 19, 2016, the Company completed a private placement whereby it issued 1,187,500 units at $0.08 per unit for total gross proceeds of $95,000. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until September 19, 2018.

On May 26, 2016, the Company completed a private placement whereby it issued 4,495,000 units at $0.05 per unit for total gross proceeds of $224,750. Each unit consisted of one common share and one half of one share purchase warrant where each full share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until May 25, 2018.

On February 26, 2016, the Company completed a private placement whereby it issued 1,250,000 units at $0.05 per unit for total gross proceeds of $62,500. Each unit consisted of one common share and one half of one share purchase warrant where each full share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until February 25, 2018. The Company issued 100,000 common share with a fair value of $5,000 to finders in relation to this share issuance. The Company incurred $7,561 share issuance costs in cash in relation to the private placement in 2017.

On February 26, 2016, the Company issued 100,000 common shares with a fair value of $15,000 for contracting services.

(Expressed in Canadian dollars)

10. Share capital (continued)

During the year ended January 31, 2017, 14,358,713 units, consisted of 14,358,713 shares with a fair value of $757,797 and 11,228,713 share purchase warrants with a fair value of $313,429, were issued for settlement of debt in the amount $757,797 resulting in a loss of $313,429. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 0.66%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On November 9, 2015, the Company issued 1,340,000 common shares at $0.10 per share for total gross proceeds of $134,000. The Company issued 50,000 common shares with a fair value of $5,000 to finders in relation to this share issuance.

On February 24, 2015, the Company issued 2,000,000 common shares with a fair value of $180,000 for marketing services for a twelve-month period. At January 31, 2016, $105,000 of the $180,000 was recorded in prepaid expenses.

Stock options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, in its discretion, and in accordance with the CSE 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 exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On July 6, 2016, the Company granted 1,650,000 stock options to directors, employees and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.54%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January 31, 2017, $122,100 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On November 1, 2015, the Company granted 3,800,000 stock options to directors, employees and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.90%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January 31, 2016, $282,100 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

The continuity schedule of stock options is as follows:

	Number of stock options
Balance, January 31, 2015	-
Assumed in RTO	755,500
Cancelled	(243,000)
Granted	3,800,000
Balance, January 31, 2016	4,312,500
Cancelled	(1,150,000)
Granted	1,650,000
Balance, January 31, 2017	4,812,500
Cancelled	(450,000)
Granted	-
Balance, April 30, 2017	**4,362,500**

(Expressed in Canadian dollars)

A summary of the Company's outstanding and exercisable stock options as at April 30, 2017 is as follows:

Weighted average exercise price	Remaining contractual life	Number of options outstanding	Expiry Dates
$0.32	1.92 years	62,500	January 2, 2019
$0.10	3.75 years	2,650,000	November 1, 2020
$0.10	4.43 years	1,650,000	July 6, 2021
$0.10	**3.74 years**	**4,362,500**	

Share purchase warrants

The continuity schedule of share purchase warrants is as follows:

	Number of share purchase warrants
Balance, January 31, 2015	-
Assumed in RTO	8,261,063
Expired	(3,191,250)
Balance, January 31, 2016	5,069,813
Granted	18,518,713
Expired	(702,313)
Balance, January 31, 2017	22,886,213
Granted	19,340,000
Expired	-
Balance, April 30, 2017	**42,226,213**

As of April 30, 2017, the continuity schedule of warrants is as follows

Weighted average exercise price	Remaining contractual life	Number of warrants outstanding	Expiry Dates
$0.35	1.51 years	4,367,500	November 1, 2018
$0.10	0.82 years	1,635,000	February 25, 2018
$0.10	1.07 years	4,367,500	May 25, 2018
$0.10	1.39 years	2,516,213	September 18, 2018
$0.10	1.64 years	5,430,000	December 18, 2018
$0.10	1.75 years	4,570,000	January 25, 2019
$0.10	1.99 years	19,340,000	April 25, 2019
$0.13	**1.68 years**	**42,226,213**	

11. Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense and the fair value initially recorded for warrants issued until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

12. Related party balances and transactions

Key management compensation

During the period ended April 30, 2017, the Company has incurred charges from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of $38,100 (2016 - $38,100).

As at April 30, 2017, $8,165 (April 30, 2016, $33,214) due to directors and senior management or companies controlled by directors and senior management, was included in accounts payable (Note 9).

As at April 30, 2017, Nil (2016 $40,000) was due to a company controlled by a director. This amount was unsecured, non-interest bearing and without fixed terms of repayment.

13. Financial risk management and capital management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable approximate their fair value because of the short-term nature of these instruments.

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. The Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at April 30, 2017, the Company had current liabilities of $228,774 and current assets of $443,300. To improve liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1, there can be no assurance these efforts will be successful in the future. All the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed high.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at April 30, 2017 and April 30, 2016, the Company did not have any significant interest rate risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The foreign currency risk for the Company is low.

Commodity price risk

The Company is not exposed to commodity price risk.

Capital Management

The Company identifies capital as cash and items included in shareholders' equity. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors. The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance its assets. The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources. The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditure and the scope of operations during periods of commodity pricing decline and economic downturn.

(Expressed in Canadian dollars)

There were no changes in the Company's approach to capital management during the year ended January 31, 2017 or the period ended April 30, 2017 and the Company is not subject to any externally imposed capital requirements.

14. Segmented information

Operating segments

The Company operates in one reportable operating segment, which is in Canada. All assets are located in Canada.

15. Income Taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined federal and provincial statutory income tax rates of 26% (2016- 26%) to net loss as follows:

	Years ended January 31, 2017	2016
Loss for the year	$ (1,734,879)	$ (1,946,702)
Expected income tax recovery	(451,069)	(506,142)
Non-deductible items and others	156,978	144,362
Temporary income tax differences not recognized	294,091	361,780
Total tax recovery	**$ -**	**$ -**

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

	January 31, 2017	January 31 2016
Non-capital losses	$ 1,643,079	$ 1,345,242
Allowable capital losses	267,652	267,652
Equipment	581	257
Exploration and evaluation assets	214,779	214,779
Finance costs	5,826	9,894
Valuation allowance	(2,131,917)	(1,837,824)
	$ -	**$ -**

The significant components of the Company's temporary differences and unused tax losses are as follows:

	Amount	Expiry
Non-capital losses	$ 6,319,533	2026-2037
Allowable capital losses	1,029,430	No expiry
Equipment	4,535	No expiry
Exploration and evaluation assets	826,072	No expiry
Finance costs	22,406	No expiry
	$8,201,976	

16. Events After the Reporting Period

a) In May 2017, 575,000 warrants were exercised for common shares at an exercise price of $0.10 per warrant for gross proceeds of $57,500.

b) On June 5, 2017, the Company granted 2,150,000 options to consultants, which vested immediately and are exercisable at $0.19 per share for a period of five years.

c) In June 2017, 965,000 warrants were exercised for common shares at an exercise price of $0.10 per warrant for gross proceeds of $96,500.

d) In June 2017, 100,000 options were exercised for common shares at an exercise price of $0.10 per option for gross proceeds of $10,000.