

GREYWACKE EXPLORATION LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED September 30, 2016 & 2015

MANAGEMENT'S RESPONSIBILITY FOR AUDITED FINANCIAL REPORTING

The accompanying audited financial statements of Greywacke Exploration Ltd. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The audited financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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 reviewing and approving the audited financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited financial statements together with other financial information of the Company 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.

"Tom MacNeill" (signed)

President

"Jeff Sheppard" (signed)

Chief Financial Officer

PALMER REED
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Greywacke Exploration Limited

We have audited the accompanying financial statements of Greywacke Exploration Limited, which comprise the statements of financial position as at September 30, 2016, and September 30, 2015, and the statements of loss, comprehensive loss, changes in equity and cash flows for the years ended September 30, 2016 and September 30, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greywacke Exploration Limited as at September 30, 2016 and September 30, 2015, and its financial performance and cash flows for the years ended September 30, 2016 and September 30, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we direct attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of material uncertainty that may cast significant doubt about Greywacke Exploration Limited's ability to continue as a going concern.

TORONTO, ONTARIO

Palmer Reed

January 11, 2017

Chartered Accountants
Licensed Public Accountants

Greywacke Exploration Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

As at, September 30	2016	2015
	\$	\$

ASSETS

Current

Cash	93,149	2,558
Trade and other receivables (Note 4)	2,687	4,785
	95,836	7,343

LIABILITIES

Current

Trade and other payables (Note 5)	312,590	258,591
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EQUITY (DEFICIENCY)

Capital stock (Note 7 (b))	788,997	740,093
Reserve for warrants (Note 8)	139,859	67,059
Accumulated deficit	(1,145,610)	(1,058,400)
	(216,754)	(251,248)
	95,836	7,343

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Note 12)
Events after the reporting period (Note 14)

Approved on behalf of the Board of Directors on January 11, 2017:

“Tom MacNeill” (signed)

Director

“Andrew Davidson” (signed)

Director

The accompanying notes are an integral part of these audited financial statements

Greywacke Exploration Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended September 30,	2016	2015
	\$	\$
Accounting, audit and legal	14,271	26,625
Management fees	60,000	60,000
Office, general and administration	1,529	1,466
Public relations, filing, transfer and regulatory fees	11,410	11,037
Exploration and evaluation expenditures (Note 9)	-	23,495
Net loss and comprehensive Loss	87,210	122,623
Loss per share - basic and diluted	0.01	0.02
Weighted average number		
of common shares - basic and diluted (000's)	8,576	6,772

The accompanying notes are an integral part of these audited financial statements

Greywacke Exploration Ltd.
Statement of Changes in Equity
(Expressed in Canadian dollars)

	<u>Share Capital</u>		<u>Reserves</u>		Total
	Number of shares	Amount	Warrants	Accumulated deficit	
Balance at October 1, 2014	6,390,499	733,843	67,059	(935,777)	(134,875)
Shares issued for property	1,250,000	6,250	-	-	6,250
Net loss for the year	-	-	-	(122,623)	(122,623)
Balance at September 30, 2015	7,640,499	740,093	67,059	(1,058,400)	(251,248)

	<u>Share Capital</u>		<u>Reserves</u>		Total
	Number of shares	Amount	Warrants	Accumulated deficit	
Balance at October 1, 2015	7,640,499	740,093	67,059	(1,058,400)	(251,248)
Shares issued	2,800,000	67,200	72,800	-	140,000
Share issuance costs	-	(18,296)	-	-	(18,296)
Net loss for the year	-	-	-	(87,210)	(87,210)
Balance at September 30, 2016	10,440,499	788,997	139,859	(1,145,610)	(216,754)

The accompanying notes are an integral part of these audited financial statements

Greywacke Exploration Ltd.
Statements of Cash Flows
(Expressed in Canadian dollars)

	2016	2015
For the years ended September 30,	\$	\$
Operating activities		
Net loss for the year	(87,210)	(122,623)
Non-cash exploration expense	-	6,250
Change in non-cash working capital		
Trade and other receivables	2,098	(1,167)
Trade and other payables	53,999	117,948
Cash generated (used) in operating activities	(31,113)	408
Financing activities		
Issuance of units (Note 7)	140,000	-
Share issuance costs	(18,296)	-
Cash generated in financing activities	121,704	-
Increase (decrease) in cash	90,591	408
Cash, beginning of year	2,558	2,150
Cash, end of year	93,149	2,558
Non cash transactions		
Issuance of shares for property	-	6,250
Supplementary Information		
Interest paid	-	-
Income tax paid	-	-

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

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Greywacke Exploration Ltd. ("the Company") was incorporated on June 5, 2006 under the Canada Business Corporations Act as Minerva Minerals Limited. On June 25, 2013 the Company received approval to change its name from Minerva Minerals Limited to Greywacke Exploration Ltd. and now trades under the ticker symbol GWL. The Company's head office is now located at 602-224 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5. The shares of the Company are listed on the Canadian Stock Exchange ("the CSE"), and commenced trading on August 13, 2007. The Company is in the business of location, acquisition, exploration and development of mineral properties

Management of the Company is devoting its efforts to locate, acquire and explore mineral properties with potential reserves. To date, the Company has not determined whether properties acquired contain ore reserves that are economically recoverable, has yet to commence significant exploration work and is considered to be in the exploration stage.

Going Concern

The Company's ability to continue to operate and to meet its obligations as they come due is dependent upon its ability to obtain additional financing as necessary and to successfully develop its existing mineral property interests or one or more alternative investments. The development of the Company's Greywacke Property and Brunswick property are uncertain as explained in Note 9. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

As at September 30, 2016, the Company had working capital deficiency of \$216,754 (2015 – working capital deficiency of \$251,248), had not yet achieved profitable operations, had accumulated losses of \$1,145,610 (2015 - \$1,058,400) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These audited financial statements, including comparatives, 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 audited financial statements were authorized by the Board of Directors of the Company on January 11, 2017.

2.2 Basis of presentation

These audited financial statements have been prepared on the historical cost basis and are prepared in Canadian dollars, which is the Company’s functional currency.

In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company’s financial years beginning on or after October 1, 2015. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

- IFRS 9 *‘Financial Instruments: Classification and Measurement’* – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IAS 38 – *‘Intangible Assets’* (“IAS 38”) and IAS 16 – *‘Property, Plant and Equipment’* (“IAS 16”), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

At the date of authorization of these financial statements no new standards have been adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash in the statement of financial position comprise cash at banks.

3.2 Exploration and evaluation assets

Exploration and evaluation ("E&E") costs

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, Plant and Equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3.3 Taxes

Tax expense recognized in comprehensive loss comprises the sum of deferred tax and current tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and are accounted for using the deferred tax assets and liabilities method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed each reporting period and are recognized to the extent it has become probable that the future taxable profits will be available to allow the asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred income tax assets and liabilities are presented as non-current.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the residual value method is used to separate the components.

3.5 Share based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Company uses the Black-Scholes option-pricing method to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest, if applicable.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

3.6 Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated by dividing the net loss attributable to ordinary shares by the weighted average number of ordinary shares assuming that any proceeds received on exercise of options or warrants would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

3.7 Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held for trading, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no investments classified as financial assets available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or Other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At September 30, 2016, the Company has not classified any financial liabilities as FVTPL.

3.8 Impairment

Financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on an asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

If, in a subsequent period, the amount of the impairment loss on an asset decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss

In relation to trade receivables, a provision for impairment is made and an impairment loss recognized in profit and loss when there is objective evidence (such as probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3.10 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing, and the calculation of share based payments, and warrants. The most significant judgments relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

4. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from goods and services tax ("GST") due from the Canadian government. These are broken down as follows:

	As at,	
	September 30, 2016	September 30, 2015
	\$	\$
GST receivable	2,687	785
Other receivable	-	4,000
Total trade and other receivables	2,687	4,785

At September 30, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 11.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2016.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

5. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2016	September 30, 2015
	\$	\$
Less than 3 months	33,728	50,329
Greater than 3 months	278,862	208,262
Total Trade and Other Payables	312,590	258,591

6. RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Greywacke. All transactions are conducted in the normal course of operations and are measured at the exchange amounts as follows:

During the year ended September 30, 2016, the Company incurred management fee expenses of \$60,000 (2015 - \$60,000) to a shareholder of the Company, for providing officers, directors and investor relation services to the Company. As at September 30, 2016 \$260,565 (2015 - \$193,996) of these amounts are included in trade and other payables.

7. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

(b) Changes in issued capital stock to September 30, 2016 were as follows:

	Number of Shares	Amount \$
Balance, October 1, 2014	6,390,499	733,843
Shares issued for property	1,250,000	6,250
Balance, September 30, 2015	7,640,499	740,343
Shares issued, net of issuance costs	2,800,000	48,904
Balance, September 30, 2016	10,440,499	788,997

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

On June 11, 2015 the Company issued 1,250,000 shares, at a price of \$0.005 per share, for bringing a property to the Company.

On May 31, 2016, the Company completed a financing for gross proceeds of \$140,000 through the issuance of 2,800,000 units at an issue price of \$0.05 per unit. Each unit consists of one non-flow-through common share of the Corporation and one common share purchase warrant with an exercise price of \$0.10 and a term of 12 months. The Company paid \$9,800 finders' fees in cash.

(c) Stock options

During the 2007 year, a stock option plan was approved by the directors and shareholders of the Company. The plan provides that the aggregate number of shares reserved for issuance is to be 10% of the total number of issued and outstanding common shares of the Company from time to time. These options vest immediately when issued, unless otherwise stated.

As at September 30, 2016, the Company had 1,044,050 (2015 – 764,050) options available for issuance under the plan.

As at September 30, 2016 and 2015, there were no stock options outstanding under this plan.

(d) Warrants

A summary of the outstanding warrants is as follows:

	September 30, 2016		September 30, 2015	
	Warrants	Exercise Price	Warrants	Exercise Price
Outstanding, beginning of year	-	\$ -	-	\$ -
Warrants granted	2,800,000	0.10	-	-
Outstanding, end of year	2,800,000	\$ 0.10	-	\$ -

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

8. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

	September 30, 2016	September 30, 2015
Balance, beginning of year	\$ 67,059	\$ 67,059
Warrants granted	72,800	-
Balance, end of year	\$ 139,859	\$ 67,059

On May 31, 2016, the Company issued 2,800,000 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 for a period of 12 months and vest immediately. In accordance with the Company's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$72,800. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 236.39%, and a risk free interest rate of 0.61%. These warrants expire on May 31, 2017.

9. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are broken down as follows:

	Year ended September 30,		Cumulative to date
	2016	2015	
Greywacke	\$ -	\$ 22,534	\$ 161,999
Brunswick	-	-	23,097
Exploration and evaluation expenditures	\$ -	\$ 22,534	\$ 185,096

Greywacke, Saskatchewan, Canada

Effective April 8, 2013 the Company acquired a 100% mineral interest in a 13,777 hectare property located within the La Ronge gold belt district, north-central Saskatchewan for cash consideration of \$50,000, issuance of 1,000,000 post consolidation shares.

Effective June 11, 2015, the Company acquired 100% interest in 19,231 hectares of prospective ground in the La Ronge gold belt region of north-central Saskatchewan from Eagle Plains Resources Ltd. (TSX-V: EPL) and an arm's-length private landholder. As consideration, the Company issued 700,000 and 550,000 common shares, respectively and a 2.5% net smelter returns royalty, which the Company can reduce by 0.5% with the payment of \$50,000 and by an additional 1% with the payment of an additional \$1 million.

Greywacke Exploration Ltd.
Notes to the Financial Statements
For the years ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Brunswick, Ontario, Canada

Effective March 31, 2014, the Company acquired a 100% mineral interest in a 3,136 hectare property located within the Cote Lake gold district, northern Ontario for cash consideration of \$18,000 for staking costs, issuance of 200,000 shares as a finder's fee and a 1% NSR on the property.

On March 21, 2016, the Company transferred the claims to an arm's length third party, in exchange for a right of first refusal to re-option the properties for a period of six months from the date of signing the agreement. Under the terms of the agreement, the Company has 21 days to match any option terms that may be negotiated.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and accumulated deficit, which as at September 30, 2016 totaled a deficiency of \$216,754 (2015 - a deficiency of \$251,248).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of mineral deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, all held with a major Canadian financial institution.

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11. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

Fair Value

The Company has designated its cash as FVTPL, which is measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. Fair values of trade and other receivables and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. As at September 30, 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations.

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Company had current assets of \$95,836 (2015 - \$7,343) and current liabilities of \$312,590, (2015 - \$258,591). All of the Company's financial liabilities and receivables are subject to normal trade terms. The Company had current working capital deficiency as of September 30, 2016, of \$216,754 and at September 30, 2015 of \$251,248.

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12. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

Effective July 1, 2013, the Company entered into a management services agreement with 49 North Resources Inc., which expired in 2014 and is month to month in accordance original agreement. Under the agreement certain staff of 49 North Resources Inc. will provide services as the Company's President and Chief Executive Officer, Vice-President and Chief Operating Officer, Chief Financial Officer and Secretary, Investor Relations and general administrative services, including rent. Monthly remuneration is \$5,000 and is payable to 49 North Resources Inc.

13. INCOME TAXES

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective rates for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Combined statutory income tax rate	27.0%	27.0%
Recovery of income taxes computed at statutory rates	(25,000)	(33,000)
Share issuance costs	(4,000)	-
Tax benefits of losses and temporary differences not recognized	29,000	33,000
Income tax provision	-	-

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13. INCOME TAXES (continued)

The Canadian statutory income tax rate of 27% (2015 – 27%) is comprised of the federal income tax rate at approximately 15.0% (2015 – 15%) and the provincial income tax rate of approximately 12% (2015 – 12%). The primary differences which give rise to the deferred tax recoveries at September 30, 2016 and 2015 are as follows:

Deferred tax assets	2016	2015
Share issue costs and other	4,000	-
Exploration and evaluation expenditures	73,000	73,000
Non-capital losses carried forward	260,000	235,000
	337,000	308,000
Less: tax benefits not recognized	(337,000)	(308,000)
Net deferred tax assets	-	-

The unamortized balance, for income tax purposes, of the share issuance fees and transaction costs amounts to \$14,637 (2015 – \$Nil) and will be deducted in Canada over the next 4 (2015 – Nil) years.

The Company has available for carry forward non-capital losses of \$961,847 (2015 – \$870,977) to offset future taxable income over the next 13 to 20 years.

In addition, as at September 30, 2016, the Company had Cumulative Canadian Development Expenses and Canadian Exploration Expenses totaling approximately \$271,463 (2015 – \$271,463), which are deductible against future year's taxable income and have no expiry date.

The Company has not recognized the potential tax benefit of these tax losses and deductions, as the ability of the Company to realize that benefit is uncertain.

14. EVENTS AFTER THE REPORTING PERIOD

On October 11, 2016 the Company advanced \$50,000 to a third party, private place-gold operator in British Columbia, pursuant to a gold loan agreement signed in September. Under the terms of the agreement, repayment of the loan will be satisfied with the delivery of 62 refined ounces over the next 24 months. The issuer can elect cash delivery in lieu of physical gold delivery. Where cash delivery is exercised the price received for the scheduled ounces is based on 30 day average spot price, less a 5% processing and selling fee. The loan is secured through a first charge security interest in the gold processing trommel, which is owned free and clear by the borrower.

Should the producer repay 52 ounces, or their cash equivalent before August 31, 2017, this shall be deemed repayment in full under the early repayment provision of the agreement.

The Company elected to receive the first loan repayment in cash, which was received in the month of November, in accordance with the agreement.