CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

April 30, 2017

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended April 30, 2017 and 2016 have not been reviewed by the Company's external auditor.

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

ASSETS	April 30, 2017	July 31, 2016
Current assets		
Cash and cash equivalents – Note 4	$ 1,942,400	$ 46,162
Receivables – Note 6	24,396	9,118
Prepaid expenses	56,441	45,178
Total current assets	2,023,237	100,458
Non-current assets		
Equipment – Note 7	1,765	2,077
Rent deposit	-	6,475
Exploration and evaluation assets – Note 8	1,649,477	97,319
Total assets	$ 3,674,479	$ 206,329
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 9 and 14	$ 620,442	$ 1,409,884
Loans payable – Note 10	-	169,500
Flow-through share premium liability – Note 11	73,250	-
Total current liabilities	693,692	1,579,384
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital – Note 12	15,062,052	10,176,307
Reserves – Note 12	1,404,445	1,199,091
Accumulated deficit	(13,485,710)	(12,748,453)
Total shareholders' equity (deficiency)	2,980,787	(1,373,055)
Total liabilities and shareholders' equity (deficiency)	$ 3,674,479	$ 206,329

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 17)

APPROVED BY THE DIRECTORS:

"Seth Kay"	Director	*"James Nelson"*	Director
Seth Kay		James Nelson	

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three months ended April 30, 2017	Three months ended April 30, 2016	Nine months ended April 30, 2017	Nine months ended April 30, 2016
Operating expenses				
Consulting	$ 44,150	$ 25,800	$ 156,437	$ 125,633
Depreciation	104	130	312	390
Finance fees	-	-	1,500	-
Management fees – Note 14	24,000	4,000	80,000	4,000
Office and miscellaneous – Note 14	20,957	6,544	45,583	29,810
Professional fees – Note 14	8,898	4,256	61,443	14,960
Shareholder information	8,182	1,407	15,065	5,674
Share-based payments – Note 12	137,274	-	201,283	-
Transfer agent and filing fees	20,486	4,453	80,956	11,006
Travel and promotion	136,771	-	379,905	-
	(400,822)	(46,590)	(1,022,484)	(191,473)
Interest income	979	-	3,592	-
Gain on sale of exploration and evaluation assets – Note 8	-	-	135,645	-
Realized gain on sale of marketable securities – Note 5	137,325	-	145,990	-
Unrealized gain on marketable securities – Note 5	(3,480)	-	-	-
Write-down of exploration and evaluation assets – Note 8	-	(10,967)	-	(10,967)
	134,824	(10,967)	285,227	(10,967)
Net comprehensive loss for the period	$ (265,998)	$ (57,557)	$ (737,257)	$ (202,440)
Loss per share – basic and diluted – Note 13	$ (0.005)	$ (0.004)	$ (0.016)	$ (0.015)
Weighted average number of shares outstanding – basic and diluted – Note 13	54,927,753	13,426,746	46,459,779	13,091,710

CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine months ended April 30, 2017	2016
Operating Activities		
Loss for the period	$ (737,257)	$ (202,440)
Adjustments for non-cash items:		
Depreciation	312	390
Share-based payments	201,283	-
Realized gain on sale of marketable securities	(145,990)	-
Realized gain on sale of exploration and evaluation assets	(135,645)	-
Write-down of exploration and evaluation assets	-	10,967
Changes in non-cash working capital items:		
Receivables	(8,803)	4,507
Prepaid expenses	(11,263)	(1,300)
Accounts payable and accrued liabilities	(789,442)	138,500
Cash used in operating activities	(1,626,805)	(49,376)
Investing Activities		
Exploration and evaluation assets	(119,013)	(2,210)
Proceeds from sale of marketable securities	295,990	-
Cash provided by (used in) investing activities	176,977	(2,210)
Financing Activities		
Proceeds from issuance of share capital	3,622,366	-
Share issue costs	(106,800)	-
Proceeds from loans issuance	-	10,500
Loan repayments	(169,500)	-
Cash provided by financing activities	3,346,066	10,500
Change in cash during the period	1,896,238	(41,086)
Cash, beginning of the period	46,162	41,698
Cash, end of the period	$ 1,942,400	$ 612

Supplemental Disclosure with Respect to Cash Flows (Note 16)

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
Balance, July 31, 2015	12,526,746	$ 9,948,437	$ 1,116,423	$ (12,154,298)	$ (1,089,438)
For exploration and evaluation assets	900,000	30,000	-	-	30,000
Loss for the period	-	-	-	(202,440)	(202,440)
Balance, April 30, 2016	13,426,746	9,978,437	1,116,423	(12,356,738)	(1,261,878)
Shares issued for private placement	6,000,000	200,000	-	-	200,000
Share issue costs	-	(2,130)	-	-	(2,130)
Stock options issued	-	-	82,668	-	82,668
Loss for the year	-	-	-	(391,715)	(391,715)
Balance, July 31, 2016	19,426,746	10,176,307	1,199,091	(12, 748,453)	(1, 373,055)
Shares issued for private placement	20,197,500	2,093,000	-	-	2,093,000
Share issue costs	-	(106,800)	-	-	(106,800)
Shares purchase warrants exercised	8,093,300	1,096,761	-	-	1,096,761
Stock options exercised	2,630,000	432,605	-	-	432,605
For exploration and evaluation assets	7,950,000	1,447,500	-	-	1,447,500
Stock options issued	-	-	201,283	-	201,283
Broker warrants issued for private placement	-	(143,497)	143,497	-	-
Flow-through share premium liability	-	(73,250)	-	-	(73,250)
Transfer of reserves on options exercised	-	139,426	(139,426)	-	-
Loss for the period	-	-	-	(737,257)	(737,257)
Balance, April 30, 2017	58,297,546	$ 15,062,052	$ 1,404,445	$ (13,485,710)	$ 2,980,787

1. NATURE AND CONTINUANCE OF OPERATIONS

Cruz Cobalt Corp. (the "Company"; formerly Cruz Capital Corp.) is an exploration stage public company and is listed on the TSX Venture Exchange ("Exchange"). The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At April 30, 2017, the Company had exploration and evaluation assets located in Canada and the U.S.A. During the nine months ended April 30, 2017, the Company split its share capital, stock options and share purchase warrants on a one pre-split for three post-split basis. These condensed consolidated interim financial statements reflect the share split. All common shares, stock options, share purchase warrants and per common share amounts have been retroactively restated. During the nine months ended April 30, 2017, the Company changed its name to Cruz Cobalt Corp.

The Company's head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At April 30, 2017, the Company had a working capital of $1,329,545, had not yet achieved profitable operations and has an accumulated deficit of $13,485,710 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS34") as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's most recently issued audited financial statements for the year ended July 31, 2016, which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

a) Statement of Compliance (continued)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 26, 2017.

b) Basis of Consolidation

These condensed consolidated interim financial statements include the amounts of the Company and its wholly-owned subsidiaries.

All inter-company transactions, income and expenses have been eliminated upon consolidation.

c) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of April 30, 2017 are as follows:

Name of subsidiary	**Principal activity**	**Place of Incorporation**	**Ownership Interest April 30, 2017**	**Ownership Interest July 31, 2016**
Cobalt Locators Inc.	Holding company	Canada	100%	-
Cruz Capital (US) Corp.	Holding company	USA	100%	100%

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	April 30, 2017	July 31, 2016
Cash at bank	$ 1,392,400	$ 46,162
Short-term deposits	550,000	-
	$ 1,942,400	$ 46,162

5. MARKETABLE SECURITIES

The Company's marketable securities are recorded at fair market value as they are classified as at fair value through profit or loss ("FVTPL") financial instruments.

Marketable securities comprise the following:

	Common shares	Market value	Costs
Balance, July 31, 2016	-	$ -	$ -
Addition	500,000	150,000	150,000
Sale	(500,000)	(295,990)	(150,000)
Realized gain on sale	-	145,990	-
Balance, April 30, 2017	-	$ -	$ -

The Company held equity securities in a publicly traded company, Scientific Metals Corp. ("Scientific"). In November 2016, Scientific consolidated its share capital on a one-new-for-four-old basis. The disclosure in Note 5 and Note 8 reflects the share consolidation. During the nine months ended April 30, 2017, the Company sold 500,000 Scientific shares for gross proceeds of $295,990. Accordingly, the Company recorded a realized gain of $145,990 (nine months ended April 30, 2016: $Nil) which were included in profit or loss.

(Expressed in Canadian Dollars)

6. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities and reimbursements from three public companies with common directors for recoverable administrative expenses.

		April 30, 2017		July 31, 2016
Accounts receivable	$	9,988	$	3,197
GST recoverable		7,933		5,921
Total receivables	$	17,921	$	9,118

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

7. EQUIPMENT

		Computer and office equipment
Cost, July 31, 2016 and April 30, 2017	$	7,816
Accumulated depreciation, July 31, 2015		5,219
Depreciation for the year		520
Accumulated depreciation, July 31, 2016		5,739
Depreciation for the period		312
Accumulated depreciation, April 30, 2017	$	6,051
Net book value, July 31, 2016	$	2,077
Net book value, April 30, 2017	$	1,765

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	Yukon Quartz Claims	ON Kenagami Property	BC War Eagle Cobalt	BC Purcell Cobalt Prospect	ON Cobalt Prospects	ON Albany East	Quebec Gaspe Bay	Idaho Star Cobalt Prospect	Montana Chicken Hawk Cobalt Prospect	Nevada Clayton Valley W. Lithium Property	Total
Balance, July 31, 2015	$ 23,570	$ 45,900	$ -	$ -	$ -	$ 194,311	$ 3,110	$ -	$ -	$ -	$ 266,891
Acquisition costs	-	-	3,496	-	-	-	-	-	-	32,000	35,496
Deferred exploration expenditures											
Geological report	-	-	-	-	-	2	-	-	-	-	2
Claim maintenance fees	210	-	-	-	-	-	-	-	-	-	210
Write-down of exploration and evaluation assets	(7,857)	-	-	-	-	(194,313)	(3,110)	-	-	-	(205,280)
Balance, July 31, 2016	15,923	45,900	3,496	-	-	-	-	-	-	32,000	97,319
Acquisition costs											
Cash	-	-	-	6,666	13,334	-	-	39,964	-	-	59,964
Staking costs	-	-	-	-	21,800	-	-	-	-	-	21,800
Share issuance	-	31,500	-	272,000	544,000	-	-	-	600,000	-	1,447,500
Deferred exploration expenditures											
Geological expenses	-	-	-	-	14,590	-	-	-	-	-	14,590
Claim maintenance fees	210	1,338	-	-	-	-	-	-	-	2,701	4,249
Prospecting costs	-	-	-	-	4,055	-	-	-	-	-	4,055
Balance, April 30, 2017	$ 16,133	$ 78,738	$ 3,496	$ 278,666	$ 597,779	$ -	$ -	$ 39,964	$ 600,000	$ 34,701	$ 1,649,477

8. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Yukon Quartz Claims – Purchase Agreement

During the year ended July 31, 2010, the Company acquired a 100% interest in certain quartz mineral claims located in the Yukon Territory.

During the year ended July 31, 2013, the Company decided not to continue with certain claims. In September 2013, the Company decided not to continue with certain other claims, and the Company allowed these claims to lapse. Accordingly, the related acquisition costs of $577,085 and exploration costs of $26,475 associated with these lapsed claims were written off as of July 31, 2013.

In September 2015, the Company decided not to continue with certain claims and allowed them to lapse when they became due. Prior acquisition costs of $86,563 and exploration costs of $7,720 associated with these claims were written off as of July 31, 2015.

During the year ended July 31, 2016, the Company decided to drop one claim and allowed it to lapse when it became due. Prior acquisition costs of $7,214 and exploration costs of $643 associated with this lapsed claim were written off.

As at April 30, 2017, the Company had spent a total of $1,497 in exploration expenditures on the remaining Yukon Quartz claims.

Ontario Kenagami Hydrothermal Graphite Prospect – Purchase Agreement

On November 13, 2013, the Company entered into a purchase agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims located in Ontario.

On December 22, 2014, the Company amended the purchase agreement with the Vendor. The Vendor agreed to defer the cash payment of $20,000 and the remaining 150,000 share issuance to September 25, 2016. On September 22, 2016, the Company further amended the purchase agreement and the amendment dated December 22, 2014 with the Vender. The Vendor agreed to defer the cash payment of $20,000 by one year to September 25, 2017. The Company is now required to make a cash payment as follows:

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Ontario Kenagami Hydrothermal Graphite Prospect – Purchase Agreement (continued)

		Cash	Common Shares
Upon Approval (issued at a value of $40,000)	$	-	150,000
On or before September 25, 2016 (issued at a value of $31,500)		-	150,000
On or before September 25, 2017		20,000	-
	$	20,000	300,000

As at April 30, 2017, the Company had spent a total of $5,738 in exploration expenditures on this property.

BC War Eagle Cobalt Prospect – Staking

In June 2016, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of $3,496.

BC and ON Cobalt Prospects – Share Purchase Agreement

On July 22, 2016, the Company entered into a share purchase agreement (the “Agreement”) with four arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of Cobalt Locators Inc., which holds a 100% interest in two cobalt prospects in B.C. ("BC Purcell Cobalt Prospect") and a 50% interest in four cobalt prospects in Ontario ("ON Coleman Cobalt Prospect", "ON Bucke Cobalt Prospect", "ON Hector Cobalt Prospect", and "ON Johnson Cobalt Prospect"). The acquisition has been accounted for as an asset acquisition. In August 2016, the Company paid $20,000 cash and issued 4,800,000 shares (issued at a value of $816,000) to the Vendors pursuant to the Agreement. Cobalt Locators Inc. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these six cobalt properties.

In September 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Johnson Cobalt Prospect, Bucke Cobalt Prospect and Hector Cobalt Prospect for staking costs of $19,500.

In December 2016, the Company acquired a 100% in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of $2,300.

As at April 30, 2017, the Company had spent a total of $18,645 in exploration expenditures on the ON Cobalt Prospects.

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement

On September 15, 2015, the Company entered into a purchase agreement with an arm’s length vendor (the “Vendor”) to acquire a 100% interest in certain mineral claims in the Clayton Valley in Nevada, U.S.A. In consideration, the Company was to issue 1,200,000 common shares to the Vendor.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement (continued)

On October 7, 2015, the Company amended the purchase agreement with the Vendor at no additional cost or share issuance, to acquire a 100% interest in additional mineral claims.

On October 21, 2015, the Company further amended the purchase agreement and the amendment dated October 7, 2015 with the Vender. The new terms are for the Company to issue 900,000 common shares to the Vendor. During the year ended July 31, 2016, these shares were issued to the Vendor valued at $30,000.

As of April 30, 2017, the Company had incurred a total of $2,701 in claim maintenance fees on this prospect.

Idaho Star Cobalt Prospect – Staking

In October 2016, the Company acquired a 100% interest in the Idaho Star Cobalt Prospect in Idaho, U.S.A. for staking costs of $39,964.

Montana Chicken Hawk Cobalt Prospect – Agreement

On February 27, 2017, the Company entered into an agreement with an arm's length vendor (the "Montana Vendor") to acquire a 100% interest in the Chicken Hawk Cobalt Prospect located in Deer Lodge County, Montana, U.S.A. In consideration, the Company issued 3,000,000 common shares (issued at a value of $600,000) to the Montana Vendor.

Sale of Idaho Cobalt Prospect

In September 2016, the Company partnered with three non related parties (the "Vendors") to acquire prospective cobalt assets and properties through a private British Columbia corporation (the "BC Company"). The BC Company and the Company were related as they have one common director. The Company held a 20% equity interest and the Vendors held an 80% equity interest in the BC Company, respectively. The BC Company indirectly acquired certain mineral claims located in the State of Idaho through its wholly-owned subsidiary (the "Idaho Subco") for $71,774. The Company paid 20% of the acquisition costs, being $14,355. On September 9, 2016, the Company and the Vendors entered into a share purchase agreement with Scientific, an arm's length party, to sell their equity interest in the BC Company. In consideration, Scientific issued 500,000 common shares to the Company valued at $150,000 (Note 5) and 2,000,000 common shares to the Vendors. Accordingly, the Company recorded a realized gain of $135,645 (nine months ended April 30, 2016: $Nil) for the sale of this asset, which was included in profit or loss.

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	April 30, 2017	July 31, 2016
Trade payables	$ 620,442	$ 1,397,584
Accrued liabilities	-	12,300
Total payables	$ 620,442	$ 1,409,884

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

10. LOANS PAYABLE

In October 2014, the Company entered into agreements (the "Agreements") with three arm's length parties (the "Lenders"). Pursuant to the terms of the Agreements, the Lenders agreed to convert a total of $336,000 in consulting fees payable into loans payable, bearing no interest and are payable upon demand. During the year ended July 31, 2015, the Company repaid a total of $150,000 to the Lenders. During the year ended July 31, 2016, the Company repaid a total of $16,500 to one Lender. During the nine months ended April 30, 2017, the Company fully repaid all the outstanding loans.

As at April 30, 2017, $Nil (July 31, 2016: $169,500) of principal had not been repaid.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance at July 31, 2016	$ -
Liability incurred on flow-through shares issued	73,250
Balance at April 30, 2017	$ 73,250

In August 2016, the Company closed a private placement of 2,197,500 flow-through units at $0.133 per unit for gross proceeds of $293,000. Each flow-through unit consisted of one flow-through common share and one share purchase warrant. The premium received on the flow-through shares issued was determined to be $73,250 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Private placements

Nine months ended April 30, 2017:

In August 2016, the Company closed a private placement consisting of 18,000,000 non flow-through units at $0.10 per unit and 2,197,500 flow-through units at $0.133 per unit for gross proceeds of $2,093,000. Each non flow-through unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share until August 24, 2019. Each flow-through unit consisted of one flow-through common share and one share purchase warrant which entitles the holder to purchase one additional non flow-through common share of the Company at a price of $0.167 per share until August 24, 2019. In connection with the financing, the Company paid aggregate finder's fees of $93,852 and issued 801,762 non flow-through broker warrants ("NFT Broker Warrants") and 102,600 flow-through broker warrants ("FT Broker Warrants"). Each NFT Broker Warrant will be exercisable at $0.15 per share into one common share until August 24, 2019. Each FT Broker Warrant will be exercisable at $0.167 per share into one common share until August 24, 2019. The NFT Broker Warrants and the FT Broker Warrants were valued at $127,224 and $16,273, respectively, using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 303.4%, risk-free interest rate 0.57% and an expected life of three years.

Nine months ended April 30, 2016:

The Company did not close any private placement in the nine months ended April 30, 2016.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2015 to April 30, 2017:

	Number	Weighted Average Exercise Price
Balance, July 31, 2015	7,809,390	$0.713
Issued	6,000,000	$0.050
Balance, July 31, 2016	13,809,390	$0.425
Issued	21,101,862	$0.152
Exercised	(8,093,300)	$0.136
Expired	(716,865)	$3.357
Balance, April 30, 2017	26,101,087	$0.213

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants (continued)

At April 30, 2017, the Company had 26,101,087 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
802,275	$1.333	January 28, 2018
12,312,042	$0.150	August 24, 2019
1,931,520	$0.167	August 24, 2019
6,290,250	$0.333	December 18, 2019
4,765,000	$0.050	June 13, 2021
26,101,387		

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options vest at the discretion of the Board of Directors and may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from July 31, 2015 to April 30, 2017:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, July 31, 2015	526,725	$0.790
Granted	1,500,000	$0.117
Expired	(9,000)	$1.733
Forfeited	(134,325)	$0.813
Outstanding and exercisable, July 31, 2016	1,883,400	$0.248
Granted	4,200,000	$0.211
Exercised	(2,630,000)	$0.107
Expired	(574,275)	$0.246
Outstanding and exercisable, April 30, 2017	2,879,125	$0.271

At April 30, 2017, 2,879,125 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

Number	Exercise Price	Expiry Date	
2,245,000	$0.200	June 6, 2017	(Note 17)
300,000	$0.350	June 23, 2017	(Note 17)
4,350	$1.333	October 11, 2017	
329,775	$0.667	September 3, 2018	
2,879,125			

During the nine months ended April 30, 2017, 1,125,000 stock options were exercised at a price of $0.117 per share and 1,505,000 stock options were exercised at a price of $0.20 per share for total proceeds of $432,605 (nine months ended April 30, 2016: Nil stock options were exercised). The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of $139,426 (nine months ended April 30, 2016: $Nil).

During the nine months ended April 30, 2017, the Company granted a total of 4,200,000 stock options with exercise prices ranging from $0.20 to $0.35 per share and expiry dates ranging from December 9, 2016 to June 23, 2017 (nine months ended April 30, 2016: Nil stock options were granted). The weighted average fair value of the options issued in nine months ended April 30, 2017 was estimated at $0.05 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended April 30, 2017	Nine months ended April 30, 2016
Weighted average expected dividend yield	0.0%	N/A
Weighted average expected volatility *	106.61%	N/A
Weighted average risk-free interest rate	0.68%	N/A
Weighted average expected term	0.32 year	N/A

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the nine months ended April 30, 2017 were $201,283 (nine months ended April 30, 2016: $Nil).

13. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Nine months ended April 30, 2017	Nine months ended April 30, 2016
Net Loss	$ 737,257	$ 202,440
Weighted average number of common shares for the purpose of basic and diluted loss per share	46,459,779	13,091,710

(Expressed in Canadian Dollars)

13. LOSS PER SHARE (continued)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 12) were anti-dilutive for the nine months ended April 30, 2017 and 2016.

The loss per share for the nine months ended April 30, 2017 was $0.016 (nine months ended April 30, 2016: $0.015).

14. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Nine months ended April 30, 2017	Nine months ended April 30, 2016
Management fees	$ 80,000	$ 4,000
Professional fees	15,000	500
Share-based payments *	22,563	-
	$ 117,563	$ 4,500

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At April 30, 2017, accounts payable and accrued liabilities include $1,809 (July 31, 2016: $37,377) payable to a public company with one director in common for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

During the nine months ended April 30, 2017, office and miscellaneous expenses included $Nil (nine months ended April 30, 2016: $3,000), which was for reimbursement of accounting overhead to a public company with two common directors.

During the nine months ended April 30, 2017, the Company reimbursed a public company with two common directors and an officer in the amount of $18,396 (nine months ended April 30, 2016: 9,532) for the service provided by the Chief Financial Officer.

(Expressed in Canadian Dollars)

15. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's equipment is located in Canada and its exploration and evaluation assets are distributed by geographic location as follows:

	April 30, 2017	July 31, 2016
Canada	$ 974,812	$ 65,319
U.S.A.	674,665	32,000
	$ 1,649,477	$ 97,319

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Nine months ended April 30, 2017:

a) The Company accrued exploration and evaluation assets of $7,471 in accounts payable and accrued liabilities.

b) The Company issued 4,800,000 common shares valued at $816,000 pursuant to the share purchase agreement with Cobalt Locators.

c) The Company issued 150,000 common shares valued at $31,500 pursuant to the Ontario Kenagami Hydrothermal Graphite Prospect purchase agreement.

d) The Company issued 3,000,000 common shares valued at $600,000 pursuant to the Montana Chicken Hawk Cobalt Agreement.

Nine months ended April 30, 2016:

a) The Company accrued exploration and evaluation assets of $7,471 in accounts payable and accrued liabilities.

b) The Company issued 300,000 common shares valued at $30,000 pursuant to the Nevada Clayton Valley West Lithium Prospect purchase agreement.

(Expressed in Canadian Dollars)

17. SUBSEQUENT EVENTS

Subsequent to April 30, 2017, the following occurred:

a) The Company issued 573,500 common shares for share purchase warrants exercised at a price of $0.15 per share and issued 50,000 common shares for share purchase warrants exercised at a price of $0.05 per share.

b) The Company issued 1,420,000 common shares for stock options exercised at a price of $0.20 per share.

c) 825,000 stock options at a price of $0.20 and 300,000 stock options at a price of $0.35 expired unexercised.

d) The Company granted 4,000,000 incentive stock options to directors, officers and consultants at an exercise price of $0.25 per share for a period of four months.

e) The Company has accepted an offer to lease its office premises for a period beginning August 1, 2017 and ending July 31, 2020. Amounts under the lease terms (net of taxes) are as follows:

		Amounts
July 31, 2018	$	81,524
July 31, 2019		83,073
July 31, 2022		84,622
	$	249,219