



**SOUTHEAST ASIA MINING CORP.**

**Unaudited Interim Financial Statements**

**For the three and six month periods ended  
June 30, 2017 and 2016**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Southeast Asia Mining Corp, are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

The Board of Directors is responsible for reviewing and approving the unaudited interim 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 unaudited interim 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 unaudited interim 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.

"Brian Jennings"

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Brian Jennings  
CEO, CFO

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### **NOTICE TO READER**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated statements for the three and six month periods ended June 30, 2017 and 2016 have not been reviewed by the Company's auditors.

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**Southeast Asia Mining Corp.**  
**Unaudited Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	<b>June 30,</b>	December 31,
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents <i>(Note 5)</i>	\$ 800,166	\$ 574,630
Marketable securities <i>(Note 6)</i>	312,637	375,614
Trade and other receivables <i>(Note 7)</i>	3,608	1,317
Prepaid expenses	2,370	-
<b>Total assets</b>	<b>\$ 1,118,781</b>	<b>\$ 951,561</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables <i>(Notes 8 and 9)</i>	\$ 59,911	\$ 1,222,598
Convertible debentures <i>(Note 14)</i>	-	163,280
<b>Total Liabilities</b>	<b>59,911</b>	<b>1,385,878</b>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital <i>(Note 10)</i>	19,708,094	19,146,793
Reserve for warrants <i>(Note 11)</i>	876,000	876,000
Reserve for share based payments <i>(Note 13)</i>	1,243,407	1,243,407
Reserve for convertible debentures <i>(Note 14)</i>	-	711,494
Accumulated deficit	(20,768,631)	(22,412,011)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>1,058,870</b>	<b>(434,317)</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 1,118,781</b>	<b>\$ 951,561</b>

Nature of Operations (Note 1)  
Segmented Information (Note 16)

Approved on behalf of the Board of Directors on August 25, 2017

“James Patterson” (signed)  
\_\_\_\_\_  
Director

“James Fairbairn” (signed)  
\_\_\_\_\_  
Director

*The accompanying notes are an integral part of these unaudited interim financial statements*

**Southeast Asia Mining Corp.**  
**Unaudited Interim Statements of Income and Comprehensive Income**  
(Expressed in Canadian Dollars)

	Three month period ended June 30, 2017	Three month period ended June 30, 2016	Six month period ended June 30, 2017	Six month period ended June 30, 2016
<b>Expenses</b>				
Management and consulting fees <i>(Note 8)</i>	\$ 11,500	\$ 18,000	\$ 28,000	\$ 210,742
Exploration and evaluation expenditures <i>(Note 15)</i>	-	-	-	61,607
Office and general	919	2,030	9,372	34,935
Professional fees	2,000	10,897	11,501	17,201
Shareholder information and regulatory costs	5,042	9,210	5,867	10,260
Foreign exchange (gain) loss	(26,755)	10,395	(34,244)	29,510
<b>Total expenses</b>	<b>\$ 7,294</b>	<b>\$ (50,532)</b>	<b>\$ (20,496)</b>	<b>\$ (364,255)</b>
<b>Other income</b>				
Gain on sale of subsidiaries <i>(Note 15)</i>	-	-	-	829,128
Realized gain on marketable securities <i>(Note 6)</i>	-	75,333	147,304	75,333
Unrealized gain (loss) on marketable securities <i>(Note 6)</i>	(121,584)	(322,253)	63,826	940,158
Gain on forgiveness and settlement of debt <i>(Note 1 and 10)</i>	851,727	43,665	959,294	91,635
<b>Net income (loss)</b>	<b>\$ 737,437</b>	<b>\$ (253,787)</b>	<b>\$ 1,149,928</b>	<b>\$ 1,571,999</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified subsequently to income</b>				
Exchange gain on translation of foreign subsidiary	-	-	-	7,269
<b>Total comprehensive income (loss)</b>	<b>\$ 737,437</b>	<b>\$ (253,787)</b>	<b>\$ 1,149,928</b>	<b>\$ 1,579,268</b>
Income (loss) per share				
- Basic	\$ 0.01	\$ (0.01)	\$ 0.02	\$ 0.04
- Diluted	\$ 0.01	\$ (0.01)	\$ 0.02	\$ 0.04
Weighted average number of shares outstanding (000's):				
- Basic	69,437	39,478	54,540	36,684
- Diluted	69,437	39,478	54,540	36,684

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

**Southeast Asia Mining Corp.**  
**Unaudited Interim Statements of Changes in Equity (Deficiency)**  
(Expressed in Canadian Dollars)

	Capital Stock		Reserves			Other comprehensive Income	Accumulated deficit	Total
	Number of shares	Amount	Warrants	Share-based payments	Convertible debenture			
<b>Balance at December 31, 2015</b>	<b>33,277,585</b>	<b>\$ 18,836,787</b>	<b>\$ 876,000</b>	<b>\$ 1,243,407</b>	<b>\$ 711,494</b>	<b>\$ (22,284)</b>	<b>\$ (23,231,882)</b>	<b>\$ (1,586,478)</b>
Shares issued for settlement of debt	6,200,116	310,006	-	-	-	-	-	310,006
Foreign exchange on translation of foreign subsidiary	-	-	-	-	-	7,269	-	7,269
Net income for the period	-	-	-	-	-	-	1,571,999	1,571,999
<b>Balance at June 30, 2016</b>	<b>39,477,701</b>	<b>\$ 19,146,793</b>	<b>\$ 876,000</b>	<b>\$ 1,243,407</b>	<b>\$ 711,494</b>	<b>\$ (15,015)</b>	<b>\$ (21,659,883)</b>	<b>\$ 302,796</b>
Transfer of cumulative translation difference on sale of subsidiaries	-	-	-	-	-	15,015	-	15,015
Net loss for the period	-	-	-	-	-	-	(752,128)	(752,128)
<b>Balance at December 31, 2016</b>	<b>39,477,701</b>	<b>\$ 19,146,793</b>	<b>\$ 876,000</b>	<b>\$ 1,243,407</b>	<b>\$ 711,494</b>	<b>\$ -</b>	<b>\$ (22,412,011)</b>	<b>\$ (434,317)</b>
Shares issued for settlement of debt	13,752,939	192,541	-	-	-	-	-	192,541
Shares issued for services	7,500,000	105,000	-	-	-	-	-	105,000
Shares issued on conversion of convertible debentures	18,840,000	263,760	-	-	(711,494)	-	493,452	45,718
Net income for the period	-	-	-	-	-	-	1,149,928	1,149,928
<b>Balance at June 30, 2017</b>	<b>79,570,640</b>	<b>\$ 19,708,094</b>	<b>\$ 876,000</b>	<b>\$ 1,243,407</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ (20,768,631)</b>	<b>\$ 1,058,870</b>

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

**Southeast Asia Mining Corp.**  
**Unaudited Interim Statements of Cash Flows**  
(Expressed in Canadian Dollars)

<i>Six month periods ended June 30,,</i>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net income for the period	\$ 1,149,928	\$ 1,571,999
Non-cash items:		
Gain on sale of subsidiaries	-	(829,128)
Unrealized gain on marketable securities	(63,826)	(940,158)
Realized gain on marketable securities	(147,304)	(75,333)
Gain on forgiveness of debt	(959,294)	(91,635)
Shares issued for services	105,000	-
Unrealized foreign exchange loss	-	8,044
Net change in non-cash working capital:		
Prepaid expenses	(2,370)	-
Trade and other receivables	(2,291)	2,198
Trade and other payables	(128,414)	223,580
<b>Cash flows from operating activities</b>	<b>(48,571)</b>	<b>(130,433)</b>
<b>Investing activities</b>		
Proceeds received from sale of subsidiaries	-	322,074
Proceeds received from sale of marketable securities	274,107	96,722
<b>Cash flows from investing activities</b>	<b>274,107</b>	<b>418,796</b>
<b>Net increase in cash and cash equivalents</b>	<b>225,536</b>	<b>288,363</b>
Foreign exchange loss on cash held in foreign currency	-	(775)
Cash and cash equivalents, beginning of period	574,630	46,440
<b>Cash and cash equivalents, end of period</b>	<b>\$ 800,166</b>	<b>\$ 334,028</b>

Supplemental Information	<b>2017</b>	<b>2016</b>
(i) Shares issued for debt settlement	\$ 192,541	\$ 310,006
(ii) Marketable securities obtained on sale of subsidiaries	\$ -	\$ 424,205
(iii) Shares issued for services	\$ 105,000	\$ -
(iv) Shares issued on settlement of convertible debentures	\$ 263,760	\$ -

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

## **Southeast Asia Mining Corp.**

### **Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)**

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#### **1. NATURE OF OPERATIONS**

Southeast Asia Mining Corp. (“Southeast Asia”, “SEA” or “the Company”) was incorporated on August 18, 2006 under the Canada Business Corporations Act.

Its principal business activity, prior to the sale of its subsidiaries on March 23, 2016, was that of mineral exploration and evaluation in Thailand. Subsequent to the sale of its subsidiaries, the Company is seeking a new principal business activity and currently holds shares in Metal Tiger plc (“Metal Tiger”), a London Stock Exchange listed natural resources company focused on the mining sector (see Note 6). The primary office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

These unaudited interim 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.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 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 International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited interim financial statements were authorized by the Board of Directors of the Company on August 25, 2017.

##### **2.2 Basis of presentation**

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2016 annual financial statements.

##### **2.3 Use of management estimates, judgments and measurement uncertainty**

The preparation of these financial statements using accounting policies in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements 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 judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

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#### 2. BASIS OF PREPARATION (continued)

##### 2.3 Use of management estimates, judgments and measurement uncertainty (continued)

###### ***Calculation of share based payments and warrants***

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

###### ***Income, value added, withholding and other taxes***

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

###### ***Functional currency***

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company to be the Canadian dollar and the Baht was the functional currency for its Thai subsidiaries until their sale.

###### ***Convertible debentures***

The classification of the Company's convertible debentures required management to analyze the terms and conditions of debentures and use judgment to assess whether these debentures are liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

##### 2.4 Adoption of new and revised standards and interpretations

###### ***New standards and interpretations to be adopted in future***

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted and are relevant to the Company. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

IFRS 9 '*Financial Instruments: Classification and Measurement*' – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company has not yet determined the impact of the amendments on the Company's financial statements.



## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

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#### 3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity (deficiency), comprising share capital, reserve accounts, and accumulated deficit which at June 30, 2017 totaled \$1,058,870 (December 31, 2016 - \$434,317 deficiency).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the six month period ended June 30, 2017. The Company is not subject to any capital requirements.

#### 4. FINANCIAL INSTRUMENTS

##### Fair value hierarchy and fair value

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.

At June 30, 2017, the Company's marketable securities are based on Level 1 inputs.

As at June 30, 2017 and December 31, 2016, the carrying and fair value amounts of the Company's other financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

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#### 4. FINANCIAL INSTRUMENTS (continued)

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

##### **i) Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

- a. **Cash and cash equivalents**— Cash and cash equivalents is held with a major Canadian (chartered bank) and Thai banks and therefore the risk of loss is minimal.
- b. **Trade and other receivables** — The Company is not exposed to significant credit risk from its trade and other receivables.

The Company's maximum exposure to credit risk as at June 30, 2017 and December 31, 2016 is the carrying value of cash and cash equivalents and trade and other receivables.

##### **ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At June 30, 2017 the Company had a working capital of \$1,058,870 (December 31, 2016 – \$434,317 working capital deficiency). Working capital deficiency as at June 30, 2017 of \$1,058,870 consisted of: cash of \$800,166, an investment in Metal Tiger common shares of \$312,637, trade and other receivables of \$3,608, prepaid expenses of \$2,370, and trade and other payables of \$59,911. The Company also has convertible debentures classified as equity of \$nil (December 31, 2016 - \$711,494). There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value. The Company had not yet achieved profitable operations, has accumulated losses of \$20,768,631 (December 31, 2016 – \$22,412,011) and expects to incur further losses in the development of its business.

##### **iii) Price risk**

The Company holds the common shares of a London Stock Exchange traded company. The Company has classified this investment as fair value through profit and loss investments and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

##### **iv) Interest rate risk**

The Company is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 4. FINANCIAL INSTRUMENTS (continued)

##### v) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollar and UK Pounds. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

A 1% strengthening (weakening) of the Canadian dollar against the UK Pound and US dollar would decrease (increase) net loss by approximately \$3,000 (2016 - \$nil), and \$100 (2016- \$nil), respectively.

2017	UK Pound	US Dollars
Cash	\$ -	\$ 2,799
Investment	\$ 312,637	\$ -
	\$ 312,637	\$ 2,799

  

2016	UK Pound	US Dollars
Cash	\$ -	\$ -
Accounts Payable	\$ -	\$ -
	\$ -	\$ -

#### 5. CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance at June 30, 2017, consists of \$800,166 on deposit with chartered Canadian and United Kingdom banks (December 31, 2016 - \$574,630 with Chartered Canadian and United Kingdom banks). As at June 30, 2017 and December 31, 2016, the Company has no cash equivalents.

#### 6. MARKETABLE SECURITIES

Marketable securities are comprised of 8,525,000 (December 31, 2016 – 15,639,000) shares of Metal Tiger. The shares were received as part of the sale of the Company's subsidiaries described in Note 15. The Company has classified this investment as fair value through profit and loss investments.

As at June 30, 2017, the shares were valued at their fair value of \$312,637 (\$0.037 per share) (December 31, 2016 - \$375,614 (\$0.024 per share)) based on current market price. The impact to the financial statements of this revaluation to market value resulted in an unrealized gain of \$63,826 for the six month period ended June 30, 2017 (2016 – \$940,158 gain).

During the six month period ended June 30, 2017, the Company sold 7,114,000 (2016 – 1,200,000) shares of Metal Tiger for proceeds of \$274,107 (2016 - \$\$96,722). As a result of the sale, the Company recorded a realized gain on sale of marketable securities of \$147,304 (2016 - \$75,333) for the six month period ended June 30, 2017.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 7. TRADE AND OTHER RECEIVABLES

	As at,	
	June 30, 2017	December 31, 2016
Taxes recoverable (i)	\$ 3,608	\$ 1,317
<b>Total Trade Receivables</b>	<b>\$ 3,608</b>	<b>\$ 1,317</b>

(i) The taxes recoverable amount as at June 30, 2017 was not past due.

At June 30, 2017, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at June 30, 2017.

#### 8. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	June 30, 2017	June 30, 2016
Short-term employee benefits	\$ 25,000	\$ 200,100
<b>Total compensation to key management</b>	<b>\$ 25,000</b>	<b>\$ 200,100</b>

At June 30, 2017, included in trade and other payables is \$6,000 (December 31, 2016 - \$590,000) due to these key management personnel.

During the year ended December 31, 2014, \$68,800 was advanced to SEA by a company related to a Director of SEA. As at June 30, 2017, \$nil (December 31, 2016 - \$nil) is due. The note payable was unsecured, bore no interest and had no fixed terms of repayment. The promissory note was included in liabilities related to assets held for sale which were sold during the year ended December 31, 2016.

#### 9. 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 following is an aged analysis of the trade and other payables:

	As at,	
	June 30, 2017	December 31, 2016
Less than one month	\$ 5,961	\$ 4,556
Over one month	53,950	1,218,042
<b>Total Trade and Other Payables</b>	<b>\$ 59,911</b>	<b>\$ 1,222,598</b>

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 10. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No. of Shares	Amount
Balance at December 31, 2015	<b>33,277,585</b>	<b>\$ 18,836,787</b>
Shares issued for settlement of debt	6,200,116	310,006
Balance at December 31, 2016	<b>39,477,701</b>	<b>\$ 19,146,793</b>
Shares issued for settlement of debt	13,752,939	192,541
Shares issued for conversion of debentures	18,840,000	263,760
Shares issued for services	7,500,000	105,000
Balance at June 30, 2017	<b>79,570,640</b>	<b>\$ 19,708,094</b>

#### **Activity during the six month period ended June 30, 2017:**

On April 24, 2017 the Company completed a debt restructuring whereby it converted \$687,647 of trade debt to 13,752,939 shares of the Company with a value of \$192,541 (\$0.014 per share) resulting in a gain on settlement of debt of \$495,106. The Company also converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company with a value of \$263,760 (\$0.014 per share) resulting in a gain on settlement of debt of \$678,260, out of which \$493,452 was booked directly to retained earnings, related to convertible debentures classified as equity as described in note 14. The Company also issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided with a value of \$105,000 (\$0.014 per share).

#### **Activity during the year ended December 31, 2016:**

On March 23, 2016, pursuant to the terms of the sale of subsidiaries as described in Note 15, in order to meet certain minimum working capital thresholds in the Thailand subsidiaries the Company converted \$258,324 of trade debt to 5,166,484 shares of the Company with a fair value of \$258,324. The Company also settled Canadian debts whereby \$51,682 of trade debt was converted to 1,033,632 shares of the Company with a fair value of \$51,682. In the aggregate, 6,200,116 shares were issued with a fair value of \$310,006. The fair value of the settlement was derived based on the value of the debt settled as the Company's shares do not trade and do not have an active quoted market price.

As part of the transaction, certain creditors agreed to forgive their debt resulting in a gain on forgiveness of debt of \$47,970 which was recognized in the statement of income (loss) and other comprehensive income (loss) for the year ended December 31, 2016. The Company also recognized a gain on forgiveness of debt in the amount of \$43,665 from the settlement of a previously filed claim against the Company.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 11. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the six month period ended June 30, 2017 and year ended December 31, 2016.

	Number of Warrants	Amount
Balance – December 31, 2015	10,222,638	\$ 876,000
Expired warrants	(416,874)	-
Balance – December 31, 2016 and June 30, 2017	9,805,764	\$ 876,000

Warrants to purchase common shares carry exercise prices and terms to maturity at June 30, 2017 as follows:

Exercise price \$	Number of outstanding warrants	Expiry date
0.28	8,521,542	3 years post liquidity event***
0.20*	856,148	3 years post liquidity event***
0.28**	428,074	3 years post liquidity event***
Total	9,805,764	

\* These are broker warrants which are issuable for one common share and ½ purchase share warrant

\*\* To be issued upon exercise of broker warrants

\*\*\* These warrants are exercisable for three years from the date the shares are listed on a recognized Canadian stock exchange.

#### 12. SHARE BASED PAYMENTS

##### **Share based payments**

The Company has an incentive stock option plan ("the Plan") whereby the Company can grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding capital stock increases.

The Plan provides that it is solely within the discretion of the Board to determine who will receive stock options and in what amounts. In no case, calculated at the time of grant, shall the Plan result in:

- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- The maximum number of options which may be reserved for issuance to insiders of the Company shall not exceed 10% of the outstanding shares of the Company;
- The maximum number of options which may be issued to any insider of the Company, together with any previously established or proposed share based payment arrangements, within a 12-month period shall not exceed 5% of the outstanding shares of the Company.
- The maximum number of options, which may be issued to insiders of the Company, together with any previously established or proposed share based payment arrangements within a 12-month period shall not exceed 10% of the outstanding shares of the Company.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 12. SHARE BASED PAYMENTS (continued)

As at June 30, 2017, the Company had 6,007,064 (December 31, 2016 – 1,997,770) options remaining for issuance under the plan.

Summary of stock option activity is as follows:

	Number of stock options (outstanding and exercisable)	Weighted average exercise price
Balance December 31, 2015	<b>2,975,000</b>	<b>\$ 0.22</b>
Retracted options	<b>(1,025,000)</b>	<b>\$ 0.22</b>
Balance December 31, 2016 and June 30, 2017	<b>1,950,000</b>	<b>\$ 0.22</b>

The weighted average remaining contractual life for outstanding options is as follows:

Price Range	Expiry dates	Number of Options (outstanding and exercisable)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price
\$0.20	October 26, 2017	1,250,000	0.32	\$ 0.20
\$0.25	February 11, 2018	700,000	0.62	\$ 0.25
\$0.20 - \$0.25		1,950,000	0.43	\$ 0.22

#### 13. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the six month period ended June 30, 2017 and year ended December 31, 2016 is set out below:

	June 30, 2017	December 31, 2016
	Amount (\$)	Amount (\$)
Balance at beginning of period/year	<b>1,243,407</b>	<b>1,243,407</b>
<b>Balance at the end of period/year</b>	<b>1,243,407</b>	<b>1,243,407</b>

## **Southeast Asia Mining Corp.**

### **Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)**

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#### **14. CONVERTIBLE DEBENTURES**

##### **A) SERIES 1**

On December 7, 2012 and February 13, 2013, the Company closed the first and second tranches respectively of its brokered private placement of unsecured convertible debentures for total gross proceeds of \$983,156, broken down into gross proceeds of \$927,296 from the December 7, 2012 tranche and gross proceeds of \$55,860 from the February 13, 2013 tranche. These debentures were issued at a 2% discount to face value. Therefore, face value of these debentures issued was \$1,003,220. On the maturity date, each debenture will be convertible into units of the Company at a price of \$0.35 per unit prior to June 30, 2013 and at a price of \$0.30 per unit thereafter. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant entitled the holder thereof to purchase one common share at a price of \$0.50 per common share in the event that the maturity date is prior to June 30, 2013, and at a price of \$0.40 in the event the maturity date is after June 30, 2013 for a period of two years from the maturity date. The maturity date is the earlier of: the date the Company receives approval for the listing of its common shares on a recognized stock exchange; the date upon which a change of control occurs; and December 31, 2014.

On March 11, 2015 the Company paid dividends of \$53,510 by issuing 178,369 common shares with respect to convertible debentures issued on December 7, 2012 with a principal amount of \$224,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. On March 11, 2015 the Company also converted the same debentures with a principal amount of \$224,500 to 748,333 units of the Company at a conversion price of \$0.30 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.40 to December 31, 2016.

During the year ended December 31, 2015, the Company entered into Acknowledgement, Forbearance & Direction Agreements ("Forbearance Agreements") with all other convertible debenture holders issued on December 7, 2012 and February 13, 2013 and not subject to the conversion on March 11, 2015 in the aggregate principal amount of \$778,720. Pursuant to the Forbearance Agreements, the convertible debenture holders have agreed to waive the right to all dividend payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.

The rate of interest on the debentures (paid on March 11, 2015 and subject to the Forbearance Agreements) is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments on March 31, June 30, September 30 and December 31 of each year in cash or common shares, at the option of the Company.

These debentures are classified as equity and any interest is treated as dividends in these financial statements.

On April 24, 2017 the Company converted all remaining outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company.



## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

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#### 14. CONVERTIBLE DEBENTURES (Continued)

##### B) SERIES 2

On November 21, 2013 the Company closed a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$180,105. The debentures were issued at a 2% discount to the face value of \$183,780. On the maturity date, each debenture will be convertible into units of the Company at a price deemed to be a 20% discount to the price of securities issued in connection with a qualifying transaction. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share for a period of two years from the maturity date at a price deemed to be a 20% premium to the price of securities issued in connection with a qualifying transaction. The maturity date is the earlier of: the date the Company receives approval for the listing of its common shares on a recognized stock exchange; the date upon which a change of control occurs; December 31, 2014. A qualifying transaction is: a private placement of equity securities of the Company or convertible debt instruments of the Company, where the conversion price of such debt securities is determined; a merger, reverse takeover, amalgamation, arrangement or other reorganization by the Company with another unrelated entity; the sale, lease or transfer of all or substantially all of the Company's assets to any other person or persons; or such other transaction that the directors can reasonably determine a value for the securities of the Company.

On March 11, 2015, the Company paid interest of \$4,887 by issuing 16,287 common shares with respect to convertible debentures issued on November 21, 2013 with a principal amount of \$20,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. On March 11, 2015 the Company converted the same debentures with a principal amount of \$20,500 to units of the Company at a price of \$0.24 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which entitled the holder thereof to purchase one common share at a price of \$0.32 to December 31, 2016.

During the year ended December 31, 2015, the Company entered into Forbearance Agreements with all other holders of convertible debentures issued on November 21, 2013 and not subject to the conversion on March 11, 2015 in the aggregate principal amount of \$163,280. Pursuant to the Forbearance Agreements, the convertible debenture holders have agreed to waive the right to all interest payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.

The rate of interest on the debentures (paid on March 11, 2015 and subject to the Forbearance Agreements) is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments on December 31, March 31, June 30, and September 30 of each year in cash or common shares, at the option of the Company.

These debentures are classified as a current liability and any interest is treated as dividends in these financial statements.

On April 24, 2017 the Company converted all remaining outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company.

## **Southeast Asia Mining Corp.**

### **Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)**

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#### **15. SALE OF SUBSIDIARIES**

On November 23, 2015, the Company signed an agreement with Metal Tiger plc ("Metal Tiger"), a London Stock Exchange listed natural resources company focused on the mining sector. The agreement provided for Metal Tiger to earn 100% ownership of the exploration applications in Nakon Sawan, Lopburi and Chanthaburi Provinces subject to a Joint Venture Agreement entered into between SEA and Metal Tiger on October 27, 2014, and amended on October 2, 2015 (the "JV Buyout"), and an option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand (the "Thailand Asset Acquisition Option").

#### **The JV Buyout**

Subsequent to signing the agreement, Metal Tiger fulfilled its obligations under the JV Buyout and paid SEA US\$50,000 for 100% ownership of the exploration applications and/or licenses in Nakon Sawan, Lopburi and Chanthaburi Provinces. Metal Tiger also paid SEA US\$30,000 to be used to advance certain exploration applications and to hold a shareholders' meeting of the Company during the term of the Thailand Asset Acquisition Option outlined below.

#### **Thailand Asset Acquisition Option**

SEA granted Metal Tiger an exclusive option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand until February 15, 2016. The significant terms of the Thailand Asset Acquisition Option were as follows:

- Upon exercising the Thailand Asset Acquisition Option, Metal Tiger will pay SEA US\$200,000 and issue to SEA Metal Tiger shares valued at US\$300,000. The price per Metal Tiger share will be determined using the volume weighted average price ("VWAP") of Metal Tiger shares for the 14-day period preceding the date the shareholders of SEA approve the Thailand Asset Acquisition Option. Metal Tiger will also pay SEA the cash value of deposits made by the Company with the Thailand mining authorities of US\$ 33,286 (the "First Option").
- Upon receipt of an exploration permit on special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days US\$100,000 and issue SEA warrants to purchase Metal Tiger shares equal to the number of shares issued pursuant to the First Option with a three-year term from the date of the First Option and an exercise price of two times the price the shares are issued pursuant to the First Option.

The Company obtained shareholder approval on January 12, 2016 and on March 23, 2016 all the closing conditions of the Thailand Asset Acquisition Option were fulfilled. Metal Tiger paid SEA US\$200,000 and issued to SEA 23,799,000 Metal Tiger shares valued at US\$300,000 or GBP 0.0087 per share and paid SEA the cash value of deposits relating to mining applications of US\$33,286. Also, in order to meet certain minimum working capital thresholds in the Thailand subsidiaries SEA converted \$258,324 of trade debt to 5,166,484 shares of the Company at \$0.05 per share (Note 11).

Pursuant to the agreement, upon receipt of an exploration permit for special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days US\$100,000 and issue to SEA 23,799,000 warrants to purchase Metal Tiger shares to February 16, 2019 with an exercise price of GBP 0.0174. As the likelihood of this occurring is uncertain, this contingent amount has not been reflected in these financial statements.

## Southeast Asia Mining Corp.

### Notes to the Unaudited Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2017 and 2016 (Expressed in Canadian dollars)

#### 15. SALE OF SUBSIDIARIES (continued)

The Company recognized a gain on the transaction of \$829,128, recorded as a gain on sale of subsidiaries on the statement of income and comprehensive income for the six month period ended June 30, 2016, which was determined as follows:

Shares received (23,799,000 shares in Metal Tiger PLC) (1)	\$	424,205
Cash consideration		322,074
<b>Total consideration</b>	<b>\$</b>	<b>746,279</b>
<b>Net assets disposed of:</b>		
Cash	\$	2,924
Restricted cash		1,866
Prepaid expenses		2,776
Property, plant and equipment		4,741
Accounts payable and accrued liabilities		(22,057)
Promissory note		(73,099)
	\$	(82,849)
<b>Gain on sale of subsidiaries</b>	<b>\$</b>	<b>829,128</b>

(1) The value of the 23,799,000 shares received in Metal Tiger PLC was based on the trading price on the London Stock Exchange of the shares on the date received.

#### 16. SEGMENTED INFORMATION

##### Operating Segments

At June 30, 2017 the Company's operations comprise a single operating segment seeking new business opportunities.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

**Southeast Asia Mining Corp.**

**Notes to the Unaudited Interim Consolidated Financial Statements  
For the Three and Six Months Ended June 30, 2017 and 2016  
(Expressed in Canadian dollars)**

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**16. SEGMENTED INFORMATION (continued)**

**Geographic Information**

Southeast Asia was in the business of mineral exploration and evaluation in the country of Thailand. Southeast Asia's geographic information is as follows:

	June 30, 2017	June 30, 2016
Income (expenses)		
Canada (Corporate)	\$ 1,149,928	\$ 1,619,858
Thailand	-	(47,859)
	<b>\$ 1,149,928</b>	<b>\$ 1,571,999</b>

	June 30, 2017	December 31, 2016
Identifiable assets		
Canada	\$ 806,144	\$ 726,628
UK	312,637	224,933
	<b>\$ 1,118,781</b>	<b>\$ 951,561</b>