DECLAN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)
(Unaudited)

Nine Month Period Ended
June 30, 2017

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Declan Resources Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	June 30, 2017	September 30, 2016
	($)	($)
ASSETS		
Current assets		
Cash	50,542	19,558
Receivables (Note 5)	9,839	10,317
Short-term investments (Note 6)	613,515	368,545
Prepaid expenses	5,583	5,833
Deposits (Note 7)	-	25,620
	679,479	429,873
Restricted deposits (Note 8)	11,500	11,500
	690,979	441,373
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	812,747	762,505
Notes payable (Note 10)	1,012,571	970,171
	1,825,318	1,732,676
Shareholders' deficiency		
Share capital (Note 11)	18,107,921	18,107,921
Share-based payments reserve (Note 11)	1,554,336	1,554,336
Deficit	(20,796,596)	(20,953,560)
	(1,134,339)	(1,291,303)
	690,979	441,373

Nature of operations and going concern (Note 1)
Commitments (Note 16)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 22, 2017. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

Declan Resources Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended June 30, 2017	Three Month Period Ended June 30, 2016	Nine Month Period Ended June 30, 2017	Nine Month Period Ended June 30, 2016
	($)	**($)**	**($)**	**($)**
EXPENSES				
Consulting fees	7,500	2,500	22,500	15,075
Foreign exchange loss	(3,442)	(469)	(787)	(4,853)
Insurance	1,750	1,618	5,250	4,845
Interest expense (Note 10 and 12)	25,433	23,556	74,453	57,367
Investor relations	-	-	-	711
Management fees (Note 12)	-	15,000	-	45,000
Office and miscellaneous	17,256	7,507	43,768	24,249
Professional fees (Note 12)	7,896	7,201	26,259	33,863
Property investigation	18,835	-	24,397	-
Transfer agent and filing fees	4,712	2,147	16,134	27,280
Travel	-	54	3,318	11,121
Loss from operations	(79,940)	(59,114)	(215,292)	(214,658)
Interest income	99	112	159	167
Gain on short-term investments (Note 6)	189,213	-	372,097	334,640
Net income (loss) and comprehensive income (loss)	109,372	(59,002)	156,964	120,149
Basic and diluted earnings per common share	0.00	(0.00)	0.00	0.00
Weighted average common shares outstanding:				
Basic	177,095,209	177,095,209	177,095,209	176,839,735
Diluted	177,095,209	177,095,209	177,095,209	176,839,735

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Declan Resources Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders` Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Amount	Share-based Payments Reserve	Deficit	Total Shareholders' Deficiency
		($)	($)	($)	($)
Balance at September 30, 2015	**175,095,209**	**18,097,921**	**1,554,336**	**(20,853,888)**	**(1,201,631)**
Shares issued for exploration and evaluation assets	2,000,000	10,000	-	-	10,000
Net income and comprehensive income for the period	-	-	-	120,149	120,149
Balance at June 30, 2016	**177,095,209**	**18,107,921**	**1,554,336**	**(20,733,739)**	**(1,071,482)**
Share-based compensation	-	-		-	-
Net loss for the period	-	-	-	(219,821)	(219,821)
Balance at September 30, 2016	**177,095,209**	**18,107,921**	**1,554,336**	**(20,953,560)**	**(1,291,303)**
Net income and comprehensive income for the period	-	-	-	156,964	156,964
Balance at June 30, 2017	**177,095,209**	**18,107,921**	**1,554,336**	**(20,796,596)**	**(1,134,339)**

Declan Resources Inc.

Condesned Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Month Period Ended June 30, 2017	Nine Month Period Ended June 30, 2016
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income (loss) for the period	156,964	120,149
Items not affecting cash:		
Accrued interest	74,453	57,367
Gain on short-term investments	(372,097)	(334,640)
Foreign exchange gain	-	(205)
Changes in non-cash working capital items:		
Receivables	478	1,166
Deposits	25,620	32,413
Prepaid expenses	250	4,844
Accounts payable and accrued liabilities	(24,211)	(651)
CASH USED IN OPERATING ACTIVITIES	(138,543)	(119,557)
FINANCING ACTIVITIES		
Repayment of notes payable	(14,500)	(25,000)
Proceeds from notes payable	56,900	98,000
CASH PROVIDED BY FINANCING ACTIVITIES	42,400	73,000
INVESTING ACTIVITIES		
Acquisition of short-term investments	(299,357)	-
Proceeds from the disposal of short-term investments	426,484	48,640
CASH PROVIDED BY INVESTING ACTIVITIES	127,127	48,640
CHANGE IN CASH DURING THE PERIOD	30,984	2,083
CASH - BEGINNING OF PERIOD	19,558	512
CASH - END OF PERIOD	50,542	2,595

Supplemental Cash Flow Information (Note 17)

1. NATURE OF OPERATIONS AND GOING CONCERN

Declan Resources Inc. (the "Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in Canada.

At the date of these condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the commodity prices and other developments in the natural resources market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The Company estimates that it will need additional capital to operate over the next twelve months. There can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2016, prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 22, 2017.

2. BASIS OF PRESENTATION (continued)

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Dormant
Talos Minerals Ltd.	Canada	100%	Dormant
Revonah Resources (SL) Ltd.	Sierra Leone	85%	Dormant
Greenstone Minerals (SL) Ltd.	Sierra Leone	85%	Dormant

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Estimates:

Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize any deferred tax assets could be impacted.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Judgements:

Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's annual consolidated financial statements for the year ended September 30, 2016.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's condensed interim consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following amendments to an existing standard has been issued for annual periods beginning on or after January 1, 2017 but is not yet effective:

IAS 12, *Income Taxes*

Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

IAS 16 & IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization

Amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 2, *Share-based Payment*

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions.

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

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

IFRS 4, *Insurance Contracts*

Amendments to IFRS 4 are related to the adoption of IFRS 9, *Financial Instruments*. The amendments provide two options for entities that issue insurance contracts that fall within the scope of the standard.

IFRS 7, *Financial Instruments: Disclosures*

Amendments to IFRS 7 related to the application of IFRS 9, *Financial Instruments*.

IAS 40, *Investment Property*

Amendments to IAS 40 to clarify transfers of property to, or from, investment property.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 is a new interpretation, which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

(Expressed in Canadian dollars)

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

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will early adopt these standards.

5. RECEIVABLES

As at June 30, 2017, receivables consist of the following:

	June 30, 2017	**September 30, 2016**
	($)	**($)**
GST receivable	6,360	1,745
Other receivables	697	697
Interest receivable	465	375
Related party receivable (Note 12)	2,317	7,500
	9,839	10,317

6. SHORT-TERM INVESTMENTS

	June 30, 2017		**September 30, 2016**	
Name	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
		($)		**($)**
Versus Systems Inc.	1,284,500	603,715	1,595,000	342,925
US Cobalt Inc.	14,000	9,800	-	-
Moovly Media Inc.	-	-	122,000	25,620
		613,515		368,545

The Company has classified it short-term investments as fair value through profit or loss.

During the nine month period ended June 30, 2017, the Company realized net proceeds of $426,484 (2016 - $48,640) and recorded a gain of $372,097 (2016 - $334,640) from the disposition of short-term investments.

(Expressed in Canadian dollars)

7. DEPOSITS

As at June 30, 2017, deposits consisted of $Nil (September 30, 2016 - $25,620) held by the Government of Saskatchewan with respect to outstanding exploration work commitments on the Davidson River property.

8. RESTRICTED DEPOSITS

As at June 30, 2017, restricted deposits consisted of $11,500 (September 30, 2016 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30, 2017, the Company's accounts payable and accrued liabilities is comprised of the following:

	June 30, 2017	September 30, 2016
	($)	($)
Accounts payable	279,469	305,532
Related party payable (Note 13)	452,904	331,693
Accrued liabilities	27,000	16,230
Interest payable (Note 13)	53,374	109,050
	812,747	762,505

10. NOTES PAYABLE

During the year ended September 30, 2016, the Company repaid $25,000 of $374,204 in existing notes payable that bear interest at 10% per annum, payable quarterly, and mature three years from the date of issuance. Furthermore, the Company issued additional notes payable, under the same terms, for proceeds of $111,125 and the settlement of an existing non-interesting bearing, unsecured demand loan previously classified as accounts payable.

During the nine month period ended June 30, 2017, the Company issued additional notes payable, under the same terms, for proceeds of $56,900 and repaid $14,500. The Company accrued $74,453 (2016 - $57,367) in interest expense.

As at June 30, 2017, a total of $183,317 (September 30, 2016 - $109,050) in accrued interest remains outstanding to be paid and is included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the nine month period ended June 30, 2017, the Company had no share capital activity.

During the year ended September 30, 2016, the Company issued 2,000,000 common shares with a value of $10,000 ($0.005 per share) as an option payment pursuant to the Firebag River option agreement.

c) Stock options

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2015	9,550,000	0.10
Expired	(2,600,000)	0.10
Balance – June 30, 2017 and September 30, 2016	6,950,000	0.10

As at June 30, 2017, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	(years)
September 11, 2017	950,000	950,000	0.16	0.20
October 7, 2018	5,000,000	5,000,000	0.09	1.27
November 22, 2018	1,000,000	1,000,000	0.09	1.40
	6,950,000	6,950,000	0.10	1.14

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	**Weighted Average Exercise Price**
		($)
Balance – September 30, 2015	29,076,578	0.11
Expired	(29,076,578)	0.11
Balance – June 30, 2017 and September 30, 2016	-	-

As at June 30, 2017, the Company had no share purchase warrants outstanding.

12. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the nine month periods ended June 30, 2017 and 2016:

Key Management Compensation

	2017	**2016**
	($)	**($)**
Consulting fees paid or accrued to a director of the Company.	-	14,250
Professional fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	3,000	3,000
Total	3,000	17,250

Other Related Party Transactions

	2017	**2016**
	($)	**($)**
Office sharing and occupancy costs paid or accrued to a corporation that shares management in common with the Company. (Note 16)	40,000	22,500
Interest expense accrued to two corporations controlled by the CEO of the Company.	55,563	37,617
Interest expense accrued to a corporation that shares management in common with the Company.	3,145	4,323
Total	98,708	64,440

12. RELATED PARTY TRANSACTIONS (continued)

a) As at June 30, 2017, a total of $124,934 (September 30, 2016 - $125,592) was included in accounts payable and accrued liabilities owing to a corporation controlled by the former CEO of the Company for management fees.

b) As at June 30, 2017, a total of $9,300 (September 30, 2016 - $6,250) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CFO of the Company for professional fees.

c) As at June 30, 2017, a total of $5,643 (September 30, 2016 - $5,643) was included in accounts payable and accrued liabilities owing to a corporation controlled by a former director of the Company for consulting fees.

d) As at June 301, 2017, a total of $40,688 (September 30, 2016 - $40,688) was included in accounts payable and accrued liabilities owing to a director of the Company for consulting fees.

e) As at June 30, 2017, a total of $23,291 (September 30, 2016 - $30,765) was included in accounts payable and accrued liabilities owing to two corporations controlled by the CEO of the Company for management fees and reimbursable expenses.

f) As at June 30, 2017, a total of $2,157 (September 30, 2016 - $2,157) was included in accounts payable and accrued liabilities owing to a former director of the Company for reimbursable expenses.

g) As at June 30, 2017, a total of $Nil (September 30, 2016 - $3,650) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common with the Company for office sharing and occupancy costs.

h) As at June 30, 2017, a total of $116,948 (September 30, 2016 - $116,948) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common with the Company for exploration expenditures.

i) As at June 30, 2017, a total of $765,025 (September 30, 2016 - $722,625) of notes payable and $116,693 (September 30, 2016 - $60,941) of accrued interest, which is included in accounts payable and accrued liabilities, was owing to two corporations controlled by the CEO of the Company (Note 10).

j) As at June 30, 2017, a total of $42,046 (September 30, 2016 - $42,046) of notes payable and $13,250 (September 30, 2016 - $10,105) accrued interest, which is included in accounts payable and accrued liabilities, was owing to a corporation that shares management in common with the Company (Note 10).

k) As at June 30, 2017, a total of $Nil (September 30, 2016 - $7,500) was included in accounts receivable owing to the Company from a corporation controlled by the CEO of the Company.

l) As at June 30, 2017, a total of $2,317 (September 30, 2016 - $Nil) was included in accounts receivable owing to the Company from a corporation that shares a director in common with the Company.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at June 30, 2017. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and notes payable. The Company is exposed to liquidity risk. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2017.

(Expressed in Canadian dollars)

15. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are all located in Canada.

16. COMMITMENTS

On August 1, 2015, as amended on December 1, 2016, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $2,500 plus GST per month commencing on September 1, 2015, increasing to $5,000 plus GST per month commencing on December 1, 2016, and continuing until the expiration of the underlying head lease on July 31, 2018.

Fiscal Year	Amount
	($)
2017	15,000
2018	50,000

17. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	2016
	($)	($)
Interest paid during the period	-	-
Income taxes paid during the period	-	-
Supplemental Disclosure of Cash Flow Information:		
Short-term investments received for third party interest in exploration and evaluation assets	-	280,000
Shares issued for exploration and evaluation assets	-	10,000
Note payable issued to settle accounts payable	-	510,000

18. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the Company

a) acquired 100% of the common shares of 5498 Nunavut Inc., a private company whose sole asset is the Turner Lake gold property located in the Nunavut territory, for cash consideration of $25,000.

b) consolidated its issued and outstanding common shares on the basis of one new share for every thirty old shares.