

LEO RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
January 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM 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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Leo Resources Inc.

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

	As at January 31, 2017	As at July 31, 2016
ASSETS		
Current assets		
Cash	\$ 2,289	\$ -
Government HST recoverable (note 7)	327	2,211
Total current assets	2,616	2,211
Non-current assets		
Exploration and evaluation assets (note 8)	44,795	44,795
Total non-current assets	44,795	44,795
Total assets	\$ 47,411	\$ 47,006
EQUITY AND LIABILITIES		
Current liabilities		
Bank indebtedness	\$ -	\$ 773
Amounts payable and other liabilities (note 9)	80,477	14,652
Due to related party (note 10)	-	12,599
Due to related company (note 10)	-	678
Total current liabilities	80,477	28,702
Shareholders' equity		
Share capital	503,001	503,001
Reserves	80,000	91,235
Contributed surplus	26,300	15,065
Accumulated deficit	(642,367)	(590,997)
Total shareholders' equity	(33,066)	18,304
Total liabilities and shareholders' equity	\$ 47,411	\$ 47,006

Nature of operations (note 1)

Going concern (note 2)

Approved on behalf of the Board of Directors:

"Anthony Jackson" (signed) Director
Anthony Jackson, Director

"Konstantin Lichtenwald" (signed) Director
Konstantin Lichtenwald, Director

The notes to the condensed interim financial statements are an integral part of these statements.

Leo Resources Inc.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three months ended January 31,		Six months ended January 31,	
	2017	2016	2017	2016
Operating Expenses				
Bank charges	\$ 39	\$ 86	\$ 67	\$ 111
Filing and listing fees	1,620	4,773	3,120	6,273
Legal and professional fees	43,208	3,740	46,208	7,240
Shareholder information	-	1,004	-	1,004
Office and general expenses	-	1,324	1,325	2,650
Transfer agent fees	-	-	650	702
Net loss and comprehensive loss	\$ (44,867)	\$ (10,927)	\$ (51,370)	\$ (17,980)
Basic and diluted net loss per share (note 11)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	5,247,501	5,247,501	5,247,501	5,247,501

The notes to the condensed interim financial statements are an integral part of these statements.

Leo Resources Inc.**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

Six Months Ended January 31,	2017		2016	
Operating activities				
Net loss for the period	\$	(51,370)	\$	(17,980)
Government HST recoverable		1,884		12,387
Amounts payable and other liabilities		65,052		2,060
Net cash provided by (used in) operating activities		15,566		(3,533)
Financing activities				
Due to related company		(678)		9,081
Due to related party		(12,599)		(5,217)
Net cash provided by (used in) financing activities		(13,277)		3,864
Net change in cash		2,289		331
Cash, beginning of period		-		1,077
Cash, end of period	\$	2,289	\$	1,408

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Leo Resources Inc.**Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)**

	Common Share Capital		Preferred Share Capital		Reserves			Contributed surplus	Deficit	Total
	Number of shares	Amount	Number of shares	Amount	Share-based payments	Warrants				
Balance, July 31, 2015	5,247,501	\$ 403,001	100,000	\$ 100,000	\$ 16,835	\$ 80,000	\$ 9,465	\$ (559,079)	\$ 50,222	
Net loss for the period	-	-	-	-	-	-	-	(17,980)	(17,980)	
Balance, January 31, 2016	5,247,501	\$ 403,001	100,000	\$ 100,000	\$ 16,835	\$ 80,000	\$ 9,465	\$ (577,059)	\$ 32,242	
Balance July 31, 2016	5,247,501	\$ 403,001	100,000	\$ 100,000	\$ 11,235	\$ 80,000	\$ 15,065	\$ (590,997)	\$ 18,304	
Cancelled options	-	-	-	-	(11,235)	-	11,235	-	-	
Net loss for the period	-	-	-	-	-	-	-	(51,370)	(51,370)	
Balance, January 31, 2017	5,247,501	\$ 403,001	100,000	\$ 100,000	\$ -	\$ 80,000	\$ 26,300	\$ (642,367)	\$ (33,066)	

The notes to the condensed interim financial statements are an integral part of these statements.

Leo Resources Inc.

Notes to Condensed Interim Financial Statements

Three and Six Months Ended January 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations

Leo Resources Inc. ("Leo" or "Company") was incorporated on March 18, 2013 in the Province of British Columbia. The Company is engaged in the business of acquisition and exploration of mining properties in Canada. Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc. and 16.76% owned by Winston Resources Inc., both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest of Leo to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company. The head office of the Company is located at 4168 Finch Avenue East, Suite 308, Toronto, Ontario M1S 5H6, Canada.

At July 31, 2013, the Company was a wholly-owned subsidiary of Zara Resources Inc. ("Zara") a Canadian public company. Following the completion of a plan of arrangement and the acquisition of a property from Zara on August 2, 2013, the Company is no longer a subsidiary of Zara. On August 16, 2013, the Company became a public company with its common shares listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "LEO".

On May 23, 2014, the Company approved a one for five share consolidation of its common shares. All outstanding shares, options and warrants and the amounts reported in these condensed interim financial statements have been adjusted to reflect this consolidation unless otherwise indicated.

2. Going Concern Assumption

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company has not commenced active exploration on its exploration and evaluation assets ("E&E"). It is unknown whether the E&E contain reserves that are economically recoverable. The Company continues to incur operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

The business of exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the E&E contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation assets using the full cost method allowed under IFRS 6. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its E&E, and making the required payments pursuant to E&E purchase agreements. The Company has yet to generate income and cash flows from its operations.

There is no assurance that the Company will be able to obtain the external financing necessary to explore, develop if E&E are proven successful and bring to commercial production its E&E. The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

Leo Resources Inc.

Notes to Condensed Interim Financial Statements Three and Six Months Ended January 31, 2017 (Expressed in Canadian Dollars) (Unaudited)

2. Going Concern Assumption (continued)

As at January 31, 2017, the Company has yet to generate revenues from operations and had a deficit of \$607,367 (July 31, 2016 - \$590,997). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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 to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of March 31, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2016, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2017 could result in restatement of these unaudited condensed interim financial statements.

(b) Basis of Presentation

These condensed interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

4. Significant Accounting Policies

These condensed interim financial statements have been prepared by management in accordance with IFRS and IFRIC. Outlined below are those policies considered particularly significant:

Changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 31, 2016. The following new standards have been adopted:

- (i) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. At August 1, 2016, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

Leo Resources Inc.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended January 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

4. Significant Accounting Policies (continued)

Changes in accounting policies (continued)

(i) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. At August 1, 2016, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

Future accounting policies

At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

5. Financial Risk Management

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Leo Resources Inc.

Notes to Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)
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5. Financial Risk Management (continued)

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

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 limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, and government HST recoverable, which is due from the Canadian government. As such, the risk of loss on these assets is minimal.

Market and other risk

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at January 31, 2017, the Company had \$2,289 in cash. Currently, the Company does not have sufficient funds and will require financing to carry out an exploration and acquisition program and meet general and administration expenses for the next twelve months.

Commodity risk

The value of the Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for these mineral commodities. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. The government HST recoverable is classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related parties and due to related companies are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

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Notes to Condensed Interim Financial Statements
Three and Six Months Ended January 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

5. Financial Risk Management (continued)

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

	As at January 31, 2017	As at July 31, 2016
Financial Assets		
<i>Fair value through profit or loss</i>		
Cash	\$ 2,289	\$ -
<i>Loans and receivables</i>		
Government HST recoverable	\$ 327	\$ 2,211
Financial Liabilities		
<i>Fair value through profit or loss</i>		
Bank indebtedness	\$ -	\$ 773
<i>Other financial liabilities</i>		
Amounts payable and other liabilities	\$ 80,477	\$ 14,652
Due to related company	\$ -	\$ 678
Due to related party	\$ -	\$ 12,599

6. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of E&E and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's managements to sustain future development of the business.

The Company defines its capital as its shareholders' equity. As at January 31, 2017, the Company's capital resources amounted to a capital of \$1,934 (July 31, 2016 - \$18,304).

All of the E&E, in which the Company currently has an interest, are in the exploration stage with no operating revenues; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new E&E 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.

The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended January 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution.

7. Government HST Recoverable

	As at January 31, 2017	As at July 31, 2016
Government HST recoverable	\$ 327	\$ 2,211

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Notes to Condensed Interim Financial Statements
Three and Six Months Ended January 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

8. Exploration and Evaluation Assets

Riverbank
(Ontario property)
(100% interest)

Balance, July 31, 2015 and January 31, 2016	\$	44,795
Balance, July 31, 2016 and January 31, 2017	\$	44,795

Riverbank

On March 20, 2013, the Company entered into a Purchase Agreement (the "Agreement") with its then Parent Company Zara Resources Inc. ("Zara"). Under the terms of the Agreement, Leo agreed to purchase from Zara, all of Zara's rights, interests, obligations and benefits of the Riverbank property ("Riverbank") for \$358,000. The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units. The claims are subject to a pre-existing 2% NSR payable to Melkior Resources Inc.

On August 2, 2013 the Zara Plan was approved by the Supreme Court of British Columbia and the purchase by Leo of Riverbank and the spin off to Zara shareholders was completed. Accordingly Leo is no longer a subsidiary of Zara and the Riverbank property is no longer owned by Zara.

Pursuant to the closing of the purchase of the Riverbank, one claim was allowed to lapse and accordingly an impairment loss of the exploration and evaluation assets in the amount of \$44,750 was recorded in the statement of profit or loss and other comprehensive income during the year ended July 31, 2014.

During the year ended July 31, 2015, the Company allowed six out of seven Riverbank claims to lapse. As a result, \$268,455 of the carrying value of the Riverbank property was written off and the amount was recorded in the statement of profit or loss and other comprehensive income for the year.

9. Amounts Payable and Other Liabilities

	As at January 31, 2017	As at July 31, 2016
Amounts payable	\$ 47,033	\$ 9,152
Other liabilities	33,444	5,500
	\$ 80,477	\$ 14,652

The aging of the accounts payable and other liabilities is as follows:

	As at January 31, 2017	As at July 31, 2016
Less than 30 days	\$ 52,403	\$ 5,952
From 30 days to 90 days	17,340	3,311
Greater than 90 days	10,734	5,389
	\$ 80,477	\$ 14,652

Leo Resources Inc.

Notes to Condensed Interim Financial Statements

Three and Six Months Ended January 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

10. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations.

As at January 31, 2017, the due to related company of \$nil (July 31, 2016 - \$678) is comprised of due to GreenBank Capital Inc. The amount was made to provide working capital and are due on demand.

GreenBank Capital Inc. has Daniel Wettreich, a former director and officer of the Company, as director.

The due to related party at January 31, 2017 of \$nil (July 31, 2016 - \$12,599) is comprised of due to Daniel Wettreich of \$nil (July 31, 2016 - \$12,599). These amounts were made to provide working capital and are due on demand and have no set repayment terms.

During the three and six months ended January 31, 2017, the Company incurred transfer agent fees of \$650 (three and six months ended January 2016 - \$702) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at January 31, 2017, amount owed to Reliable is \$6,646 (July 31, 2016 - \$5,912) and has been included in the amounts payable and other liabilities.

11. Share Capital

(i) The Company's authorized share capital consists of:

- an unlimited number of common shares with no par value
- an unlimited number of Series A preferred shares – non-voting, non-retractable, non-redeemable without dividend, no par value

(ii) Stock Options

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Board of Directors may from time to time in its discretion, and in accordance with the Exchange Requirements, grant non-transferable options to purchase shares to directors, officers, founders, employees, persons engaged to provide investor relations activities and consultants of the Company.

The options granted under the Plan together with all of the Company's other previously established stock option plans or grants, shall not result at any time in

- the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the outstanding Common Shares;
- the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- the grant to any once (1) optionee within a twelve month period, of a number of options exceeding 5% of the issues and outstanding Common Shares unless the Company obtains the requisite disinterested shareholder approval; and
- the grant to all persons engaged by the Corporation to provide investor relations activities, within any twelve-month period, of options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares; other grant to any one consultant, in any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares.

Leo Resources Inc.

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Three and Six Months Ended January 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

11. Share Capital (continued)

(ii) Stock Options (continued)

An optionee shall be entitled to exercise an Option granted to him/her at any time prior to the expiry of the option period and to vesting limitations imposed by the Board of directors at the time such Option is granted.

Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price (the "market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides such notice to the exchange.

Stock option transactions for the periods presented are as follows:

	Fair value	Number of stock options	Weighted average exercise price
Balance, July 31, 2015 and January 31, 2016	\$ 11,235	300,000	\$ 0.05
Balance, July 31, 2016 and January 31, 2017	\$ -	-	\$ -

During the period ended January 31, 2017, 300,000 stock options were cancelled.

There are no stock options outstanding as at January 31, 2017.

(iii) Warrants

The issued and outstanding warrants balance at January 31, 2017 is comprised as follows:

				Number of warrants
Balance, July 31, 2016 and January 31, 2017				2,500,000
Issue date	Fair value	Expiry date	Exercise price	Number of warrants
May 23, 2014	\$ 80,000	May 23, 2017	\$ 0.05	2,500,000
Weighted average exercise price			\$ 0.05	

(iv) Series A Preferred Shares Subscription

In August 2013 as part of the plan of arrangement with the Zara Resources Inc., the Company issued \$100,000 Series A preferred shares during the year ended July 31, 2014.

12. Net Loss Per Common Share

The calculation of basic and diluted loss per share for three and six months ended January 31, 2017 was based on the loss attributable to common shareholders of \$9,867 and \$16,370 (three and six months ended January 31, 2016 - \$10,927 and \$17,980) and the weighted average number of common shares outstanding of 5,247,501 (2016 - 5,247,501). All outstanding options were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

Leo Resources Inc.

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(Expressed in Canadian Dollars)

(Unaudited)

13. Segmented Information

The Company's operations are comprised of a single reporting operating segment engaged in the exploration and evaluation of mineral resources. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment. As at January 31, 2017 all of the Company's exploration and evaluation assets and liabilities are situated in Canada.

14. Subsequent Events

Private Placement

On March 11, 2017, the Company oversubscribed and has closed its previously announced non-brokered private placement on March 3, 2017. The private placement was oversubscribed by \$100,000 for a total of 12 million units and gross proceeds of \$600,000 at a price of five cents per unit.

Each unit consists of one common share of the company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of 6.5 cents per share and is exercisable for a period of two years from date of issuance.