MONTEGO RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED

MARCH 31, 2017 AND 2016

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS

	Note	**March 31, 2017 (unaudited)**	**June 30, 2016 (audited)**
		$	$
ASSETS			
CURRENT			
Cash		834,718	3,111
Amounts receivable		339,572	7,400
Prepaid expenses and deposits	5	423,227	-
		1,597,517	10,511
EXPLORATION AND EVALUATION ASSET	6	785,308	162,578
		2,382,825	173,089
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	116,490	118,887
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	7	2,870,843	657,969
CONTRIBUTED SURPLUS	7	1,503,946	342,151
DEFICIT		(2,108,454)	(945,918)
		2,266,335	54,202
		2,382,825	173,089

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the Board on May 30, 2017.

/Kenneth Tollstam/ Director
Kenneth Tollstam

/Anthony Jackson/ Director
Anthony Jackson

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Note	Three months ended March 31, 2017	Three months ended March 31, 2016	Nine months ended March 31, 2017	Nine months ended March 31, 2016
EXPENSES					
Automobile		$ 1,003	$ -	$ 31,673	$ -
Consulting fees		155,662	-	646,320	-
Management fees	8	(43,950)	20,250	76,748	60,750
Office and miscellaneous		5,157	6,627	21,975	16,209
Professional fees	8	30,536	8,528	89,436	33,675
Rent	8	-	5,268	9,800	12,313
Share-based compensation	7, 8	-	-	252,076	-
Transfer agent and filing fees		10,673	3,614	19,317	11,610
Travel and promotion		3,726	-	14,191	4,218
OTHER ITEM					
Loss on sale of property		1,000	-	1,000	-
NET LOSS AND COMPREHENSIVE LOSS		(163,807)	(44,287)	(1,162,536)	(138,775)
LOSS PER SHARE – Basic and diluted		$ (0.01)	$ (0.04)	$ (0.30)	$ (0.12)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		15,339,192	1,192,250	3,923,132	1,192,250

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance, June 30, 2016	1,192,250	657,969	342,151	(945,918)	54,202
Shares issued from private placement	11,497,633	1,448,038	875,186	-	2,323,224
Shares issued for mineral property acquisition	2,668,000	1,011,000	-	-	1,011,000
Share issuance costs	-	(80,739)	34,533	-	(46,206)
Subscription receivable	-	(165,425)	-	-	(165,425)
Stock based compensation	-	-	252,076	-	252,076
Net loss and comprehensive loss for the period	-	-	-	(1,162,536)	(1,162,536)
Balance, March 31, 2017	15,357,883	2,870,843	1,503,946	(2,108,454)	2,266,335
Balance, June 30, 2015	1,192,250	657,969	342,151	(767,174)	232,946
Net loss and comprehensive loss for the period	-	-	-	(138,775)	(138,775)
Balance, March 31, 2016	1,192,250	657,969	342,151	(905,949)	94,171

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended March 31, 2017	**Three months ended March 31, 2016**	**Nine months ended March 31, 2017**	**Nine months ended March 31, 2016**
	$	$	$	$
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss	(163,807)	(44,287)	(1,162,536)	(138,775)
Item not involving cash:				
Share-based compensation	-	-	252,076	-
Loss on sale of property	1,000	-	1,000	-
Sale of property included in AR	300,000	-	300,000	-
	137,193	(44,287)	(609,460)	(138,775)
Changes in non-cash working capital balances:				
Amounts receivable	(306,997)	(1,181)	(332,172)	(1,739)
Prepaid expenses and deposits	(423,227)	-	(423,227)	5,000
Accounts payable and accrued liabilities	26,601	36,377	(2,397)	70,212
Cash used in operating activities	(566,430)	(9,091)	(1,367,256)	(65,302)
INVESTING ACTIVITIES				
Exploration and evaluation assets	-	13,508	-	25,384
Acquisition of property	(112,730)	-	(112,730)	-
Proceeds on disposition of property	200,000	-	200,000	-
Cash provided by investing activities	87,270	13,508	87,270	25,384
FINANCING ACTIVITIES				
Shares issued for cash	1,039,600	-	2,111,593	-
Cash provided by financing activities	1,039,600	-	2,111,593	-
CHANGE IN CASH	560,440	4,417	831,607	(39,918)
CASH, BEGINNING OF PERIOD	274,278	937	3,111	45,272
CASH, END OF PERIOD	834,718	5,354	834,718	5,354

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

1. NATURE OF OPERATIONS

Montego Resources Inc. ("the Company") was incorporated on July 20, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2017, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time, which indicates the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $2,108,454 as at March 31, 2017, which has been funded mainly by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements follow the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended June 30, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual financial statements.

These condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 30, 2017.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

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

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

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. As at March 31, 2017, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2017, the Company has not classified any financial assets as available for sale.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial liabilities

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

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. decommissioning liabilities relating to the Company's mineral property;

iii. the measurement of deferred income tax assets and liabilities; and

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounting estimates (continued)

iv. the inputs used in accounting for share-based payments in profit or loss.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

New accounting standards adopted by the Company

There were no new or revised accounting standards applicable to the Company scheduled for mandatory adoption on July 1, 2015, and thus no standards were adopted in the current year.

Accounting Standards and Amendments Issued But Not yet Effective

The following accounting standards were issued but not yet effective as of March 31, 2017:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact this standard may have on its financial statements.

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard may have on its financial statements.

IFRS 7 – Financial instruments: Disclosure

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact the final standard may have on its financial statements.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS (continued)

IFRS 16 – Leases

IFRS 16 was issued on January 13, 2016, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard may have on its financial statements.

5. PREPAID EXPENSES

As at March 31, 2017, the company had the following prepaid expenses:

	March 31, 2017	**June 30, 2016**
	$	$
Consulting fees	423,227	-

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, June 30, 2014	10,000	109,535	119,535
Acquisition costs paid in cash	15,000	-	15,000
Acquisition costs paid in shares issued	8,500	-	8,500
Other exploration costs	-	44,927	44,927
Balance, June 30, 2015	33,500	154,462	187,962
Mineral exploration tax credit	-	(25,384)	(25,384)
Balance, June 30, 2016	33,500	129,078	162,578
Acquisition costs paid in shares issued and cash	622,730	-	622,730
Balance, March 31, 2017	656,230	129,078	785,308

Redtop Sunrise Group

Pursuant to an option agreement dated July 25, 2012, with Rich River Exploration Ltd. and Craig Alvin Lynes, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Redtop Sunrise Group property (the “Property”) comprised of 11 mineral claims located near the Clearwater region of British Columbia.

During the year ended June 30, 2016 the Company received $25,384 in British Columbia Mineral Exploration tax credits (“METC”) which were offset again capitalized exploration costs.

6. EXPLORATION AND EVALUATION ASSET (continued)

Redtop Sunrise Group (continued)

To earn the 100% interest, the Company agreed to issue 17,500 common shares of the Company to the optionors, make cash payments totaling $100,000, and incur a total of $1,000,000 in exploration expenditures as follows:

	Common Shares	**Cash**	**Exploration Expenditures**
	#	$	$
Upon execution of the agreement (paid)	-	10,000	-
On or before July 25, 2013 (incurred)	-	-	100,000
Upon listing of the Company's common shares on Canadian Securities Exchange ("Listing") (issued and paid	8,500	15,000	-
On or before the first anniversary of the Listing[1]	9,000	-	-
On or before the second anniversary of the Listing	-	15,000	200,000
On or before the third anniversary of the Listing	-	25,000	300,000
On or before the fourth anniversary of the Listing	-	35,000	400,000
Total	17,500	100,000	1,000,000

[1] The date in which the 9,000 common shares are due was mutually extended to a date which has yet to be determined. The common shares have not yet been issued.

The Optionor will retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty may be purchased by the Company at $500,000 for each 1%. The purchase of the remaining 1% is negotiable after commercial production commences.

Kiyuk Lake Property

On September 2, 2016, the Company has completed the acquisition of the Kiyuk Lake property, located in Nunavut, Canada. The Company has acquired the property from Northern Empire Resources Corp. in consideration for the issuance of 668,000 common shares. The shares issued to acquire the property are subject to a four-month-and-one-day statutory hold period.

The Property consists of 57 mineral claims, aggregating 491 square kilometers in southern Nunavut, Canada. The common shares issued to acquire the Property are subject to a four-month-and-one-day statutory hold period. As part of the Agreement, the Company is subject to 2% net smelter royalty to be paid to the original vendor of the property.

During the quarter ended March 31, 2017, the company reached an agreement with Cache Exploration Inc. Under the agreement to transfer its wholly owned Kiyuk Lake property. In order to exercise the option Cache must pay to the Company $500,000, as to $200,000 on closing, as to $200,000 on or before the date which is six months from closing and as to $100,000 on or before the date which is 12 months from the closing. As at March 31, 2017 the Company has received $200,000.

Black Dog Property

On March 9, 2017, the Company reached an agreement with Caprock Ventures Ltd.to acquire the Black Dog gold project located in Northern Quebec. The 1,400-hectare Black Dog project consists of a block of 27 mineral claims approximately 60 kilometers north of Nemiscau, Que., in an immediate area that has seen prospective exploration activity in recent years.

6. EXPLORATION AND EVALUATION ASSET (continued)

Black Dog Property (continued)

In consideration for the acquisition of the Black Dog project, over the course of four years, the company will be required to complete a series of cash payments totaling $1.9-million (of which $50,000 is due upon closing), issue two million common shares and incur expenditures of $1.4-million on the project. Upon completion of the payments, share issuances and expenditures, the company will hold a 100-per-cent interest in the Black Dog project, subject to a 2-per-cent net smelter return royalty in favour of the vendor.

	Common Shares	Cash	Exploration Expenditures
	#	$	$
Upon execution of the agreement (paid)	-	100,000	-
On or before March 31, 2017 (incurred, issued and paid)	2,000,000	12,371	-
Total	2,000,000	112,3710	1,000,000

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

As at March 31, 2017, there are 256,500 issued and outstanding common shares of the Company held in escrow.

c) Issued and Outstanding as at March 31, 2017: 15,357,883 common shares

(i) On March 9, 2017, the company issued 2,000,000 million common shares in relation to the agreement to acquire the Black Dog gold project from Caprock Ventures Ltd.

(ii) On March 6, 2017, the Company closed a private placement for 10,000,000 units at a price of 12 cents per unit for total proceeds of $1.2-million. Each unit is composed of one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the company at an exercise price of 16 cents with a two-year expiry from the issuance date. The proceeds of this private placement are for the company's general working capital.

(iii) Prior to the period end, the Company announced a consolidation on its issued and outstanding share capital on the basis of one post-consolidation share for each 10 pre-consolidation common shares. No fractional shares will be issued. Any fraction of a share will be rounded down to the nearest whole number. As a result, the outstanding shares of the company is reduced to approximately 3,357,883.

7. SHARE CAPITAL (continued)

(iv) On September 2, 2016, the Company has completed the acquisition of the Kiyuk Lake property, located in Nunavut, Canada. The Company has acquired the property from Northern Empire Resources Corp. in consideration for the issuance of 668,000 common shares. The shares issued to acquire the property are subject to a four-month-and-one-day statutory hold period.

(v) On August 24, 2016, the Company closed a private placement that consisted of 1,497,633 units at a price of $0.75 per unit for gross proceeds of $1,123,225. Each unit comprises one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until August 23, 2018 at a price of $1.00 per common share. In connection with closing of the private placement, the Company paid certain Finder's fees: $46,206 cash and 61,608 purchase warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase one additional common share at a price of $1.00 during the two years from the date of issuance.

(vi) During the year ended June 30, 2015, the Company issued 35,000 common shares at a price of $0.80 per share, raising gross proceeds of $28,000.

(vii) On February 13, 2015, the Company completed its Initial Public Offering of common shares for listing on the Canadian Securities Exchange. The Company issued a total of 510,000 common shares at a price of $1.00 per share for gross proceeds of $510,000.

The Company paid its agent a cash commission of 10% of the gross proceeds of the Offering and paid corporate finance fees consisting of $45,000 cash and 25,000 common shares. In addition, the Company also granted 51,000 non-transferable agent's warrants to its agent entitling the agent to purchase common shares of the Company at a price of $1.00 for a period of two years from the date of closing the offering.

Share Options

On September 8, 2016, the Company has granted 250,000 options to directors, officers and consultants at an exercise price of $1.40. The options will expire three years from the date of grant.

The fair value of share options granted was estimated using the Black-Scholes pricing model with estimated volatility 124.18%, risk-free rate 0.57%, dividend yield 0%, and expected life of 3 years. With these assumptions, the fair value of the options was determined to be $252,076.

During the year ended June 30, 2015, the Company established a stock option plan for officers, directors, employees and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the issued and outstanding common shares.

On September 15, 2014, the Company granted an aggregate of 80,000 stock options to the officers and directors to purchase up to 80,000 common shares at a price of $1.00 per share for a period of ten years from the date the Company's shares are listed for trading on the TSX Venture Exchange. The options vested on February 13, 2015 when the Company completed its Initial Public Offering.

7. SHARE CAPITAL (continued)

Share Options (continued)

The fair value of share options granted was estimated using the Black-Scholes pricing model with estimated volatility 118%, risk-free rate 1.44%, dividend yield 0%, and expected life of 10 years. With these assumptions, the fair value of the options was determined to be $74,977.

A summary of share options outstanding is as follows:

	Options		Weighted Average Exercise Price	Weighted Average Years to Expiry	Expiry Date
Balance at June 30, 2016	80,000	$	1.00	7.88	February 13, 2025
Cancelled	(20,000)		1.00	-	
Granted	250,000		1.40	2.44	September 8, 2019
Balance at March 31, 2017	310,000		1.30	3.49	

During the nine month period ended March 31, 2017, 20,000 share options owned by the former CFO were forfeited.

Share Purchase Warrants

On March 6, 2017, the Company closed a private placement for 10,000,000 units at a price of $0.12 cents per unit for total proceeds of $1,200,000. Each unit is composed of one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the company at an exercise price of 16 cents with a two-year expiry from the issuance date. Each whole warrant entitles the holder to acquire one additional common share until May 06, 2018 at a price of $0.16 per common share. The fair value of share purchase warrants issued was estimated using the Black-Scholes pricing model with estimated volatility 222.52%, risk-free rate 0.76%, dividend yield 0%, and expected life of 2 years. With these assumptions, the fair value of the purchase share warrants was determined to be $569,637.

On August 24, 2016, the Company closed a private placement that consisted of 1,497,633 units at a price of $0.75 per unit for gross proceeds of $1,123,225. Each unit comprises one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until August 23, 2018 at a price of $1.00 per common share. The fair value of share purchase warrants issued was estimated using the Black-Scholes pricing model with estimated volatility 118.55%, risk-free rate 0.56%, dividend yield 0%, and expected life of 2 years. With these assumptions, the fair value of the purchase share warrants was determined to be $305,550.

In connection with closing of the private placement, the Company paid certain Finder’s fees: $46,206 cash and 61,608 purchase warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase one additional common share at a price of $1.00 during the two years from the date of issuance. The fair value of finder’s warrants issued was estimated using the Black-Scholes pricing model with estimated volatility 118.55%, risk-free rate 0.56%, dividend yield 0%, and expected life of 2 years. With these assumptions, the fair value of the warrants was determined to be $46,206.

7. SHARE CAPITAL (continued)

Share Purchase Warrants (continued)

On February 13, 2015, the Company issued 51,000 non-transferable warrants to its agent entitling the agent to purchase common shares of the Company at a price of $1.00 for a period of two years from the date of closing of the Initial Public Offering.

The fair value of share purchase warrants issued was estimated using the Black-Scholes pricing model with estimated, volatility 118%, risk-free rate 1.44%, dividend yield 0%, and expected life of 2 years. With these assumptions, the fair value of the warrants was determined to be $30,174.

As at March 31, 2017, there are below share purchase warrants outstanding:

	Warrants		Weighted Average Exercise Price	Weighted Average Years to Expiry	Expiry Date
Outstanding, June 30, 2016	51,000	$	1.00		
Warrants issued	810,425		1.00	1.40	August 24, 2018
	10,000,000		0.16	1.93	March 6, 2019
Warrants expired	(51,000)		1.00	(0.13)	February 13, 2017
Outstanding, March 31, 2017	10,810,425	$	0.22	0.10	

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	March 31, 2017	**June 30, 2016**
	$	$
Accounts payable and accrued liabilities	72,135	117,792

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	2017	**2016**
	$	$
Expenses paid by director	4,200	-
Professional fees	40,000	16,800
Rent	-	6,750
Total	44,200	23,550

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Professional fees and rent were paid to directors and companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include officers and the directors of the Company. The remuneration of key management is as follows:

	2017	**2016**
	$	$
Management fees	76,748	60,750
	76,748	60,750

Management services were provided by companies owned by three directors of the Company.

9. MANAGEMENT OF 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 sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial instruments include cash and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at March 31, 2017 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	834,718	-	-	834,718

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUBSEQUENT EVENTS

On April 3, 2017, the Company has reached an agreement with Silver Predator Corp. to acquire a series of mining claims located in White Pine county in the state of Nevada commonly referred to as the Taylor silver property. The property is an advanced-stage silver-gold target located approximately 24 kilometres south of Ely, Nev., with access from a maintained mine road. Mineralization there is a Carlin-style, bulk silver-gold epithermal, high-silica, low-sulphide replacement deposit in flat-lying Devonian-age silty carbonate rocks. An updated resource estimate completed by the vendor (based on 480 drill holes totalling 28,244 metres) outlined a combined measured and resource of 8,894,000 tons at 1.89 ounces per ton silver containing 16.82 million ounces of silver.

Pursuant to the terms of the agreement reached with the vendor, the company can acquire the property in consideration for the completion of a series of cash payments totalling $1.2-million (U.S.), issuing 2.5 million common shares and incurring expenditures of at least $700,000 (U.S.) on the property. Upon completion of the payments, share issuances and expenditures, the company will hold a 100-per-cent interest in the property, subject to a 2-per-cent net smelter return royalty and a 1-per-cent net profit royalty.

The payments, share issuances and expenditures must be completed in accordance with the following schedule:

- At closing -- $200,000 (U.S.) cash and 500,000 common shares;
- Six months from closing -- $100,000 (U.S.) cash and 300,000 common shares;
- 12 months from closing -- $200,000 (U.S.) cash, 400,000 common shares and expenditures of $100,000 (U.S.);
- 24 months from closing -- $300,000 (U.S.) cash, 500,000 common shares and expenditures of $250,000 (U.S.);
- 36 months from closing -- $400,000 (U.S.) cash, 800,000 common shares and expenditures of $350,000 (U.S.).

Completion of the transaction with the vendor and the acquisition of the rights to the property remains subject to the satisfaction of a number of conditions, including the completion of filings with the Canadian Securities Exchange on behalf of the company, the approval of the TSX Venture Exchange on behalf of the vendor and certain other closing conditions as are customary in transactions of this nature.