Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the periods ended November 30, 2017 and 2016

Unaudited - Prepared by Management

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the 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 have been prepared by and are the responsibility of the management and have been approved by the board of directors.

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

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)
Condensed Interim Statements of Financial Position
As at
(Unaudited) (Expressed in Canadian dollars)

	Notes		November 30, 2017		February 28, 2017
Assets					
Current Assets					
Cash		$	880,934	$	2,053,352
GST receivable			80,016		36,869
Prepaid expenses	5		62,363		247,904
			1,023,313		2,338,125
Non-current Assets					
Exploration and evaluation assets	8		980,336		496,424
Total Assets		**$**	**2,003,649**	**$**	**2,834,549**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	9	$	279,484	$	151,351
Deferred flow-through liability	10		75,000		-
Total Liabilities			**354,484**		**151,351**
Shareholders' Equity					
Share capital	6		4,478,038		4,055,838
Shares to be issued	8		4,800		-
Contributed surplus	6		950,796		882,581
Deficit			(3,784,469)		(2,252,421)
Total Shareholders' Equity			**1,649,165**		**2,683,198**
Total Liabilities and Shareholders' Equity		**$**	**2,003,649**	**$**	**2,834,549**

Approved and authorized by the Board on January 25, 2018

(signed) "*David Schmidt*"
David Schmidt
President, Chief Executive Officer and Director

(signed) "*Anthony Jackson*"
Anthony Jackson
Chief Financial Officer and Director

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

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)

Condensed Interim Statements of Comprehensive Loss
For the periods ended November 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

	Three months ended November 30, 2017	Three months ended November 30, 2016	Nine months ended November 30, 2017	Nine months ended November 30, 2016
Expenses				
Advertising and promotion	$ 6,084	$ 178,600	$ 360,754	$ 178,600
Bank charges (recovery)	(194)	739	957	1,395
Consulting	219,675	119,860	855,220	194,860
Management fees (Note 9)	16,500	-	46,500	-
Meals and entertainment	2,029	-	4,151	603
Office	1,234	1,176	36,964	1,144
Professional fees (Note 9)	20,044	34,278	98,227	49,929
Rent	5,340	5,340	42,240	8,900
Share-based compensation (Notes 6,9)	22,711	221,993	68,215	221,993
Transfer agent and filing fees	3,099	9,596	13,201	13,928
Travel expense	3,104	-	5,619	-
	(299,626)	**(571,582)**	**(1,532,048)**	**(671,352)**
Other expenses				
Exchange loss	-	(5,179)	-	(5,179)
Loss on sale of investment	-	(16,040)	-	(16,040)
	-	**(21,219)**	**-**	**(21,219)**
Net loss and comprehensive loss for the period	**(299,626)**	**(592,801)**	**(1,532,048)**	**(692,571)**
Loss per share – basic and diluted	**$ (0.01)**	**$ (0.06)**	**$ (0.04)**	**$ (0.12)**
Weighted average number of common shares outstanding	**43,947,909**	**9,181,929**	**40,345,112**	**5,734,485**

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

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity
For the periods ended November 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

	Share Capital						
	Number of shares	Amount	Contributed surplus	Shares to be issued	Subscriptions receivable	Deficit	**Total**
Balance at February 29, 2016	**4,029,794**	**$ 300,000**	**$ -**	**$ -**	**$ -**	**$ (72,256)**	**$ 227,744**
Shares issued from private placement	17,533,500	876,675	-	-	-	-	876,675
Shares issued for services	500,000	25,000	-	-	-	-	25,000
Obligation to issue shares	-	-	-	-	20,000	-	20,000
Share issuance costs	-	(51,675)	-	-	-	-	(51,675)
Subscription receivable	-	(5,000)	-	-	-	-	(5,000)
Share-based compensation	-	-	221,993	-	-	-	221,993
Net loss and comprehensive loss for the period	-	-	-	-	-	(692,571)	(692,571)
Balance at November 30, 2016	**22,063,094**	**$ 1,145,000**	**$ 221,993**	**$ -**	**$ 20,000**	**$ (764,827)**	**$ 622,166**
Balance at February 28, 2017	**38,563,294**	**$ 4,055,838**	**$ 882,581**	**$ -**	**$ (2,800)**	**$ (2,252,421)**	**$ 2,683,198**
Shares issued for cash	10,000,000	500,000	-	-	-	-	500,000
Deferred flow-through liability	-	(75,000)	-	-	-	-	(75,000)
Shares to be issued for exploration and evaluation assets (Note 8)	-	-	-	4,800	-	-	4,800
Share issuance costs	-	(2,800)	-	-	2,800	-	-
Share-based compensation	-	-	68,215	-	-	-	68,215
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,532,048)	(1,532,048)
Balance at November 30, 2017	**48,563,294**	**$ 4,478,038**	**$ 950,796**	**$ 4,800**	**$ -**	**$ (3,784,469)**	**$ (1,649,165)**

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

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)

Condensed Interim Statements of Cash Flows
For the periods ended November 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

	Three months ended November 30, 2017	Three months ended November 30, 2016	Nine months ended November 30, 2017	Nine months ended November 30, 2016
Operating activities				
Net loss	$ (299,626)	$ (592,801)	$ (1,532,048)	$ (692,571)
Item not involving cash				
Share-based compensation	22,711	221,993	68,215	221,993
Changes in non-cash working capital items				
GST receivable	13,881	(3,117)	(43,147)	(8,302)
Prepaid expenses	60,625	18,091	185,541	(5,754)
Accounts payable and accrued liabilities	161,661	9,937	128,133	2,656
Net cash used in operating activities	(40,748)	(345,897)	(1,193,306)	(481,978)
Investing activity				
Exploration and evaluation expenditures	(2,374)	(170,000)	(479,112)	(170,000)
Net cash used in investing activity	(2,374)	(170,000)	(479,112)	(170,000)
Financing activities				
Proceeds from share issuance	500,000	845,000	500,000	845,000
Obligation to issue shares	-	20,000	-	20,000
Net cash provided by financing activities	500,000	865,000	500,000	865,000
Change in cash for the period	456,878	349,103	(1,172,418)	213,022
Cash, beginning of period	424,056	137,840	2,053,352	273,921
Cash, end of period	**$ 880,934**	**$ 486,943**	**$ 880,934**	**$ 486,943**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.) (the "Company" or "Kootenay") was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange ("CSE") under the symbol "ZNK". The address of its head office is located at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5 and its registered office is at Suite 2080 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

On October 4, 2016, the Company changed its name to Kootenay Zinc Corp. and completed a share consolidation of its issued and outstanding common shares on a two (2) old to one (1) new basis. No fractional common shares will be issued pursuant to the consolidation. As a result of the consolidation, the outstanding common shares of the Company were reduced to 4,029,794 (Note 6).

The Company is engaged in the business of mineral exploration and development in British Columbia and specifically in the exploration and advancement of the Sully Property. The Company is required to facilitate separate fundraising, exploration and development strategies to achieve its business objectives and it expects to commence these strategies as soon as practicable.

The Company is an exploration stage Company with no producing properties, and consequently has no current operating cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of its properties. The Sully Property is currently in the exploration stage.

These condensed interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, as intended, are dependent upon its ability to complete the exploration of its exploration and evaluation assets, including obtaining the necessary financing. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

These condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(b) Approval of the financial statements

The financial statements of the Company were approved by the directors and authorized for issue on January 25, 2018.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Significant accounting judgments, estimates and assumptions

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the 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 appear throughout the financial statements and may require 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 relevant factors that are believed to be reasonable under the circumstances.

These financial statements include estimates, which, by their nature, are uncertain. The impact 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 the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows.

Critical accounting estimates

Share-based compensation

Estimating the fair value of granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected rate of forfeiture, volatility and dividend yield, and making assumptions about them.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Significant accounting judgments, estimates and assumptions (Continued)

Critical accounting judgments (Continued)

Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company classifies its financial assets as fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit- taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for- sale or not classified in any of the other financial asset categories. Changes in the fair value of available-for-sale financial assets are recognized as other comprehensive income (loss) and classified as a component of equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (Continued)

(i) Financial assets (Continued)

Management assesses the carrying value of available-for-sale financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income (loss) are included in profit or loss.

(ii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

(b) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Warrants that are issued as payment for finder fees or other transaction costs are accounted for as share-based payments and recognized as share issuance costs and contributed surplus. Proceeds and issue costs from unit placements are allocated between shares and warrants issued according to the residual method whereby proceeds are allocated first to share capital based on the market trading price of the common shares at the time the units are issued, and any excess is allocated to warrants.

In situations where share capital is issued or received as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares issued is based on the trading price of those shares on the date of issuance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Share-based compensation

The Company grants stock options to directors, officers, employees and consultants. Share-based compensation to employees is measured on the grant date at the fair value of the equity instruments issued, using the Black-Scholes option pricing model and is accrued and charged either to operations or exploration and evaluation assets, over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or at 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 is recorded at the date the goods or services are received. The offset to the recorded cost is to contributed surplus.

(d) Income tax

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration and evaluation expenditures (Continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(g) New accounting pronouncements

The following new standards have been issued by the IASB, but are not yet effective:

IFRS 16 *Leases*

Issued by IASB	January 13, 2016
Incorporated into CPA Canada Handbook	June 2016
Effective for annual periods beginning	March 1, 2019

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.

(Unaudited) (Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) New accounting pronouncements (Continued)

IFRS 16 *Leases* (Continued)

- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for annual periods beginning March 1, 2019, with earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

Issued by IASB	January 29, 2016
Incorporated into CPA Canada Handbook	April 2016
Effective for annual periods beginning	March 1, 2017

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, and are effective for annual periods beginning on or after March 1, 2017 with earlier application is permitted.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*)

Issued by IASB	June 20, 2016
Incorporated into CPA Canada Handbook	November 2016
Effective for annual periods beginning	March 1, 2018

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning March 1, 2018. Earlier application is permitted.

IFRS 9 *Financial Instruments*

Issued by IASB	July 24, 2014 (final version)
Incorporated into CPA Canada Handbook	February 2014 (final version)
Effective for annual periods beginning	March 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) New accounting pronouncements (Continued)

IFRS 9 *Financial Instruments* (Continued)

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its financial instrument as follows:

- Cash is classified as a financial asset at FVTPL
- Accounts payable and accrued liabilities, as other financial liabilities.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash.

The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

(Unaudited) (Expressed in Canadian dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company is not exposed to significant liquidity risk. All of the Company's financial liabilities have contractual maturities of less than 90 days.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk. The Company is not exposed to significant market risk.

5. PREPAID EXPENSES

		November 30, 2017		February 28, 2017
Advertising and promotion	$	-	$	136,860
Consulting		49,583		106,264
Rent		1,780		1,780
Security deposit		3,000		3,000
Other prepaid expenses		8,000		-
Total	**$**	**62,363**	**$**	**247,904**

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On October 4, 2016, the Company consolidated its issued and outstanding common shares on the basis of two (2) old to one (1) new common shares (the "Consolidation"). Post-consolidation, the Company had 4,029,794 common shares issued and outstanding.

Pursuant to the plan of arrangement effective May 1, 2015, the Company issued 4,029,794 common shares (Note 7).

On November 4, 2016, the Company closed a private placement. Pursuant to the private placement, the Company issued 16,500,000 common shares at a price of $0.05 per share for gross proceeds of $825,000. Pursuant to a finder's fee agreement between the Company and Canaccord Genuity Corp. ("Canaccord"), in connection with the private placement, Canaccord was issued 1,033,500 common shares of the Company which were valued at $206,700 and recorded as share issuance costs.

On December 28, 2016, the Company closed a private placement of 16,500,000 units (the "Unit") at a price of $0.20 per Unit for aggregate gross proceeds of $3,300,000.

6. SHARE CAPITAL (CONTINUED)

(b) Issued and outstanding (Continued)

Each Unit consists of one common share of the Company and one-half of one transferrable common share purchase warrant (a "Warrant"). Each full Warrant entitles the holder to purchase one additional common share at a price of $0.30 per share for a period of twelve months from the date of issuance. The Warrants are subject to an acceleration clause whereby if the common shares trade equal to or greater than $0.50 for a period of twenty consecutive trading days, then the Company may, at its discretion, give notice to the holders of the Warrants that the expiry time of the Warrants has been accelerated and the Warrants will expire on a date that is not less than fifteen days after notice is given.

In connection with the Unit offering, the Company paid broker's fees to certain brokers in the amount of 8% of gross proceeds raised and common share purchase warrants entitling the brokers to purchase common shares of the Company up to 8% of the number of Units sold, having the same terms as the Warrants. The Company paid $209,200 cash and 1,059,600 warrants as finders' fees in connection with the financing. The fair value of the 1,059,600 warrants was $259,942 and was recorded as share issuance costs and an offset to contributed surplus. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.78%, dividend yield of 0%, volatility of 120% and expected life of one year.

During the year ended February 28, 2017, the Company issued 500,000 common shares having a value of $100,000 for exploration and evaluation assets finder fees (Note 8), which were capitalized to exploration and evaluation assets.

On October 12, 2017, the Company closed a non-brokered flow-through private placement of 10,000,000 flow-through units (the "FT Unit") at a price of $0.05 per FT Unit for gross proceeds of $500,000 and recognized a deferred flow-through liability of $75,000. Each FT Unit consists of one flow-through share of the Company and one common share purchase warrant (the "Warrant"). Each whole Warrant is convertible into one common share at a price of $0.10 per share and is exercisable for a period of one year. The Warrants were valued at $Nil using the residual value method. (Note 10)

(c) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange (the "Exchange") requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to two years from the date of grant, and must comply with the rules of the Exchange.

During the year ended February 28, 2017, the Company granted 2,650,000 stock options to officers, directors and consultants in accordance with the policies of the Exchange. Of these stock options, 1,225,000 stock options are exercisable at a price of $0.20 per share and expire two years from the date of grant, 1,125,000 stock are exercisable for a two-year period at a price of $0.50 per share, and 300,000 stock options are exercisable at a price of $0.60 per share and expire two years from the date of grant.

The fair value of the stock options was estimated to be $691,714. The fair value of the stock options was determined using the Black-Scholes option pricing model and the following weighted average assumptions: share price of $0.36, expected share price volatility of 150%, expected life of two years and risk-free interest rate of 0.68%. The expected volatility is based on an average of historical prices of a comparable group of companies within the same industry due to the lack of historical pricing information for the Company. The

(Unaudited) (Expressed in Canadian dollars)

6. SHARE CAPITAL (CONTINUED)

(c) Stock options (Continued)

weighted average fair value per option at the grant date was $0.27. As of November 30, 2017, the Company had approximately $13,000 of total unrecognized share-based compensation related to unvested options granted to investor relations consultants.

As at November 30, 2017, the Company had options outstanding enabling holders to acquire the following:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance, February 28, 2017	2,650,000	$ 0.37	1.78
Options granted	-	-	-
Balance, November 30, 2017	2,650,000	$ 0.37	1.02
Number exercisable	2,618,750	$ 0.37	1.02

Details of stock options outstanding at November 30, 2017 are as follows:

Number of Stock Options		Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,000,000	$	0.20	0.94	November 8, 2018
200,000		0.20	0.96	November 15, 2018
25,000		0.20	0.99	November 26, 2018
1,125,000		0.50	1.06	December 23, 2018
300,000		0.60	1.17	January 31, 2019
2,650,000	$	0.37	1.07	

(d) Escrow shares

As at November 30, 2017, there were 378,749 (February 28, 2017 – 504,999) shares held in escrow in accordance with the Exchange policies on commencement of trading on the Exchange, which were previously issued to related parties. The shares held in escrow are released based on the passage of time.

(e) Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Warrants Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Balance, February 28, 2017	8,250,000	$ 0.30	0.83
Warrants issued	10,000,000	0.10	0.87
Balance, November 30, 2017	18,250,000	$ 0.20	0.48

(Unaudited) (Expressed in Canadian dollars)

6. SHARE CAPITAL (CONTINUED)

(e) Share purchase warrants (Continued)

Details of share purchase warrants outstanding as of November 30, 2017 are as follows:

Number of Warrants		Exercise Price	Remaining Contractual Life (years)	Expiry Date
8,250,000	$	0.30	0.07	December 24, 2017
10,000,000	$	0.10	0.87	October 11, 2018
18,250,000	$	0.20	0.48	

(f) Broker's fee warrants

As at November 30, 2017, the Company has broker's fee warrants outstanding entitling the holders to acquire common shares as follows:

	Warrants Outstanding		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Balance, February 28, 2017	1,059,600	$	0.30	0.83
Warrants issued	-		-	-
Balance, November 30, 2017	1,059,600	$	0.30	0.07

Details of share purchase warrants outstanding as of November 30, 2017, are:

Number of Warrants		Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,059,600	$	0.30	0.07	December 24, 2017

7. ARRANGEMENT AGREEMENT

On March 24, 2015, the Company entered into an arrangement agreement with Eyecarrot Innovations Corp. ("Eyecarrot"), whereby the Company and Eyecarrot completed a reorganization pursuant to a plan of arrangement (the "Arrangement"). The Arrangement was approved by the shareholders of Eyecarrot and the Exchange effective May 1, 2015, and following the Arrangement, the Company became a reporting issuer in the provinces of British Columbia and Alberta.

Pursuant to the Plan of Arrangement, the following share reorganization was completed:

(a) each shareholder of Eyecarrot exchanged each of its common shares for one new common share and one reorganization share of Eyecarrot;

(b) all reorganization shares of Eyecarrot were transferred by its shareholders of the Company in exchange for common shares of the Company on a one-for-one basis;

(c) the Company issued 4,029,794 common shares to shareholders of Eyecarrot; and

(d) Eyecarrot redeemed all of the reorganization shares and satisfied the redemption amount by the transfer to the Company of its interest in the Murray Ridge Property, which had $nil estimated fair value at the date of transaction, subject to its obligations under royalty terms, and $300,000 in cash.

8. EXPLORATION AND EVALUATION ASSETS

Murray Ridge Property

The Company has a 100% interest in the Murray Ridge Property ("Murray Ridge") in the Omineca Mining Division in central British Columbia (Note 7). Upon commencement of any commercial production on Murray Ridge, 0860208 B.C. Ltd., the original owner of Murray Ridge, will have a 1% net smelter royalty on Murray Ridge.

During the year ended February, 2017, the Company let the Murray Ridge claims lapse and no longer owns Murray Ridge.

Sully Property

On September 30, 2016, the Company entered into an option agreement with Gravitas Metals Corp. ("Gravitas") and the shareholders of Gravitas, pursuant to which the Company has the option to acquire all of the issued and outstanding shares of Gravitas, a private corporation, incorporated under the laws of British Columbia, which, pursuant to an option agreement between Gravitas and the holders of the Sully Property dated October 21, 2011 and last amended August 9, 2016, holds an exclusive option and right to acquire an 80% interest in mining claims located in the Fort Steele Mining Division in the southeast portion of the province of British Columbia.

Pursuant to the terms of the agreement, as amended on October 20, 2017, the option is exercisable by the Company by (a) issuing to the Gravitas vendors, on a pro rata basis, on or before the expiry of the option period such number of common shares of the Company equal to 35% (post-issuance) of the issued and outstanding common shares of the Company, and (b) satisfying all of the outstanding obligations of Gravitas under the underlying Sully Property agreement as follows:

- Incurring expenditures on or in respect of the Sully property, including:
  - $1,500,000 on or before October 21, 2017 (approximately $1,340,000 completed by Gravitas as of the date of the agreement); and
  - An additional $1,500,000 on or before October 21, 2018.

- Making payments in the form of cash, common shares of the Company, certified cheque or wire transfer to the Sully vendors, including:
  - 80,000 common shares on or before October 21, 2017 (to be issued subsequent to the period); and
  - $200,000 on or before April 21, 2018.

In addition, upon exercising the Sully Property option, Gravitas will become a wholly owned subsidiary of the Company, and the Company and the Sully vendors will form an 80/20 joint venture. A 2% net smelter returns royalty will be held in favour of the Sully vendors, half of which may be purchased back by Gravitas for $5,000,000. Pursuant to a right of first refusal purchase agreement dated August 9, 2016, holder of the Sully Property also granted to Gravitas a right of first refusal to purchase the remaining collective 20% interest in the Sully Property or the individual 5% interest of the Sully Property from the Sully vendors after the exercise of the Sully Property option.

The Company issued 500,000 common shares for finder fees in relation to the option agreement, which were valued at $100,000 (Note 6) and were capitalized to exploration and evaluation assets.

(Unaudited) (Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sully Property (Continued)

As of November 30, 2017, the exploration expenditures incurred by the Company related to the Sully property was as follows:

		Exploration Expenditures
Balance, February 28, 2017	$	496,424
Acquisition		4,800
Geophysics and modelling		58,932
Drilling		192,748
Geological consulting		221,363
Testing and analysis		6,069
Balance, November 30, 2017	$	980,336

9. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the periods ended November 30, 2017 and 2016 as follows:

	November 30, 2017		November 30, 2016	
Accounting fees*	$	76,000	$	-
Management fees	$	46,500	$	-
Geological consulting fees	$	50,139	$	-

*Includes $25,000 unbilled accounting fees from prior year.

At November 30, 2017, $54,600 (February 28, 2017 - $26,344) was included in accounts payable as owing to related parties. Amounts due to (from) related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

10. FLOW-THROUGH PREMIUM LIABILITY

During the nine months ended November 30, 2017, the Company issued 10,000,000 flow-through units (Note 6) at a price of $0.05 per unit for gross proceeds of $500,000 and recognized a deferred flow-through premium liability of $75,000, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. As at November 30, 2017, the flow-through premium liability outstanding relating to these flow-through shares was $75,000.

(Unaudited) (Expressed in Canadian dollars)

11. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements. There were no changes in the Company's capital management approach during the period ended November 30, 2017.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

12. SEGMENTED REPORTING

The Company has one operating segment, the exploration and development of mineral properties, with all assets located in Canada.

13. COMMITMENT

The Company entered into a lease agreement for its premises for a term of three years from September 2016 to August 2019 for a monthly lease payment of $1,780. The total lease commitment as at November 30, 2017 is as follows:

0-1 years	$ 21,360
2-3 years	16,020
	$ 37,380

14. SUBSEQUENT EVENTS

No subsequent events.