

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

(Unaudited - Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2017 and 2016

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Notice of non-review of condensed interim consolidated financial statements

The attached condensed interim consolidated financial statements for the three month period ended March 31, 2017 have not been reviewed by the Company's auditors.

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

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

	Note	March 31, 2017	December 31, 2016
Assets			
Current assets:			
Cash		\$ 55,542	\$ 746
Sales tax receivable		18,994	8,069
Loan receivable	5	15,419	15,048
Prepaid expense and deposits		54,635	76,194
Investments	6	21,818	87,727
Deferred share issuance costs		2,250	-
		\$ 168,658	\$ 187,784
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 389,434	\$ 226,398
Current loans payable	8	10,000	10,000
Loans payable to related parties	12	3,500	2,000
Flow-through premium liability		5,408	5,408
		408,342	243,806
Shareholders' equity:			
Capital stock	9	4,783,288	4,783,288
Subscriptions received in advance		55,000	-
Reserves	9	573,008	558,188
Deficit		(5,650,980)	(5,397,498)
		(239,684)	(56,022)
		\$ 168,658	\$ 187,784

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

On behalf of the Board:

“Raymond Strafehl” Director “Scott Jobin-Bevans” Director

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

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss for the Three Months ended March 31,
(Unaudited - Expressed in Canadian Dollars)

	Note	2017	2016
Expenses			
Consulting		\$ 50,172	\$ 20,000
Professional fees		-	123,112
Transfer agent and filing fees		10,672	4,831
Investor relations		59,842	35,000
Exploration and evaluation	7	50,772	252,332
General and administrative		6,254	3,995
Rent		3,000	-
Share-based compensation	9	14,820	8,593
Travel and promotion		14,085	4,625
Results from operations		(209,617)	(452,488)
Other items			
Interest income	5	371	340
Non-cash listing expense on completion of Transaction	4	-	(1,695,063)
Amortization of flow-through premium liability		-	39,996
Realized loss on investments		(3,327)	-
Unrealized loss on investments		(40,909)	-
		(43,865)	(1,654,727)
Net and comprehensive loss for the period		(253,482)	(2,107,215)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.11)
Weighted average number of common shares outstanding			
– basic and diluted		31,941,226	18,930,306

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

NICKEL ONE RESOURCES INC.

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Condensed Interim Consolidated Statements of Cash Flows for the Three Months ended March 31,
(Unaudited - Expressed in Canadian Dollars)

	Note	2017	2016
OPERATING ACTIVITIES			
Net loss for the period		\$ (253,482)	\$ (2,107,215)
Items not involving cash			
Share-based compensation	9	14,820	8,593
Interest income	5	(371)	(340)
Amortization of flow-through premium liability		-	(39,996)
Realized loss on investments		3,327	-
Unrealized loss on investments		40,909	-
Non-cash listing expense on completion of Transaction	4	-	1,695,063
Change in non-cash working capital items:			
Sales tax receivable		(10,925)	(41,659)
Prepaid expense and deposits		21,559	(7,399)
Accounts payable and accrued liabilities		163,036	190,244
		(21,127)	(302,709)
INVESTING ACTIVITIES			
Investments	6	21,673	-
		21,673	-
FINANCING ACTIVITIES			
Proceeds from private placement	9	-	800,000
Private placement share issuance costs	9	-	(57,576)
Proceeds from options exercised	9	-	20,000
Loan repayment	8	-	(22,000)
Transaction costs included in equity	4	-	(66,592)
Cash acquired in the Transaction	4	-	515
Loan from related party		1,500	-
Deferred share issuance costs		(2,250)	-
Subscriptions received in advance		55,000	-
		54,250	674,347
Increase in cash		54,796	371,638
Cash, beginning of the period		746	1,041
Cash, end of the period		\$ 55,542	\$ 372,679
Non-cash items:			
Shares for debt	9	\$ -	\$ 197,212
Transfer of reserves on exercise of options	9	\$ -	\$ 8,593

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

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

	Note	Capital Stock		Subscriptions Received	Reserves	Deficit	Total shareholders' equity
		Shares	Amount				
Balance at December 31, 2015		3,050,000	\$ 2,120,948	\$ -	\$ 290,168	\$ (2,458,814)	\$ (47,698)
Redline share consideration to Tyko	4	13,036,966	1,303,696	615,000	-	-	1,918,696
Transaction finder's fee shares	4	976,848	97,685	-	-	-	97,685
Transaction share issuance costs	4	-	(66,592)	-	-	-	(66,592)
Private placements	9	12,465,297	1,239,890	(615,000)	-	-	624,890
Private placement issuance costs	9	-	(97,784)	-	36,960	-	(60,824)
Flow-through share premium, net issuance costs		-	(77,500)	-	-	-	(77,500)
Shares for debt	9	1,972,115	197,212	-	-	-	197,212
Share-based compensation	9	-	-	-	252,793	-	252,793
Options exercised	9	440,000	65,733	-	(21,733)	-	44,000
Loss for the year		-	-	-	-	(2,938,684)	(2,938,684)
Balance at December 31, 2016		31,941,226	\$ 4,783,288	\$ -	\$ 558,188	\$ (5,397,498)	\$ (56,022)
Share-based compensation	9	-	-	-	14,820	-	14,820
Subscriptions received in advance		-	-	55,000	-	-	55,000
Loss for the period		-	-	-	-	(253,482)	(253,482)
Balance at March 31, 2017		31,941,226	\$ 4,783,288	\$ 55,000	\$ 573,008	\$ (5,650,980)	\$ (239,684)

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

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Nickel One Resources Inc. ("Nickel One" or the "Company") is a mineral exploration and development company listed on the TSX Venture Exchange ("TSX-V") under the symbol "NNN" and is engaged in the exploration of mineral properties. The address of the Company's corporate head office and principal place of business is 1110 - 1111 West Georgia Street, Vancouver, BC, V6E 4M3.

On February 23, 2016, Redline Resources Inc. ("Redline") completed its share exchange transaction (the "Transaction") between Tyko Resources Inc. ("Tyko") and Redline, pursuant to which Redline acquired all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares, the "Tyko Shares") in exchange for the issuance of common shares of Redline on the basis of one common share of Redline for each of Tyko's common shares outstanding. Upon completion of the Transaction, Redline changed its name to Nickel One Resources Inc. and Tyko became a wholly-owned subsidiary of the Company.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 – *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected of the year ended December 31, 2017.

The condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2017.

2. Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale, which are stated at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

3. Summary of significant accounting policies

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Tyko Resources Inc. All inter-company transactions and balances have been eliminated upon consolidation.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 – New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. Non-cash listing expense on completion of transaction

As consideration for 100% of the outstanding common shares of Tyko, Redline issued 13,036,966 common shares in the capital of Redline to Tyko's shareholders. At the time of closing, Redline paid transaction costs of \$66,592 in addition to the \$1,740 deferred acquisition costs, and a finder's fee of 976,848 common shares (the "Finder's Fee Shares") valued at \$0.10 per share.

The acquisition has been accounted for as a reverse take-over and is not considered to be a business combination as defined in IFRS 3 *Business Combinations* since Redline was inactive prior to the acquisition and its activities were limited to the management of cash resources and the maintenance of its listing. Accordingly, the acquisition has been accounted for as a share-based payment transaction in accordance with IFRS 2 *Share-based Payment*.

As the share and share-based consideration allocated to the former shareholders of Tyko on closing of the acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the common shares, the value in excess of the net identifiable assets acquired on closing was expensed in the statement of comprehensive loss as non-cash listing expense as Tyko shareholders acquired Redline's public listing as a result of the transaction. Upon completion of the Transaction, Redline's equity accounts were eliminated. The fair value of the consideration was determined based on the fair value of the common shares which was determined in relation to the common shares issued in the private placement (see Note 9).

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

4. Non-cash listing expense on completion of transaction (continued)

The fair value of all the consideration given and charged to non-cash listing expense was comprised of:

Share consideration to Tyko	\$	1,303,696
Finder's fee shares		97,685
Deferred acquisition costs		1,740
	\$	1,403,121
Identifiable net assets assumed:		
Cash	\$	515
Prepaid, expense, deposits, and deferred costs		676,638
Receivables		21,654
Accounts payable and accrued liabilities		(234,825)
Loans payable		(140,924)
		323,058
Adjustment for subscription received		(615,000)
Net deficiency		(291,942)
Unidentified asset acquired		
Non-cash listing expense		1,695,063
Total identifiable assets acquired and non-cash listing expense	\$	1,403,121

Transaction costs of \$66,592 comprised of \$13,753 TSX filing fees and \$52,839 legal and advisory fees were incurred and have been recorded in capital stock as share issuance costs.

5. Loan receivable

Upon completion of the Transaction, the Company acquired a \$13,629 loan receivable from Redline Minerals Inc. ("RMI") comprised of a principal balance of \$4,175 and accrued interest of \$9,454. The Chief Executive Officer of RMI was also the Chief Executive Officer of Redline prior to the completion of the Transaction, and is a director of Nickel One. Interest is payable on the loan at the rate of 10% per annum and the principal plus interest is due at the earliest of twelve months following the first advance on May 4, 2012 under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereafter-acquired assets. At March 31, 2017, the total outstanding amount of the loan plus accrued interest was \$15,419 (December 31, 2016 - \$15,048).

6. Investments

The Company has an investment in common shares of Canadian International Minerals Inc. ("CIN") and Finore Mining Inc ("FIN"). The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. Realized and unrealized gains and losses are reflected in profit or loss.

In January 2017, the Company sold all CIN shares for net proceeds of \$21,673.

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and evaluation expenditures

The Company performed the following work on their properties during the period:

	March 31, 2017	March 31, 2016
Manitouwadge:		
Assays and surveying	\$ 820	\$ -
Claims	26,833	68
Drilling	-	227,972
Field costs	13,194	13,787
Geological consulting	-	10,505
Land management	7,000	-
LK Project:		
43-101 report	2,925	-
	<u>\$ 50,772</u>	<u>\$ 252,332</u>

Manitouwadge

The Company conducts exploration and evaluation expenditures on a property consisting of 71 mining claims in Northwestern Ontario that are held 100% by the Company.

LK Project

On January 31, 2017, the Company signed a Definitive Agreement with Finore Mining Inc. ("Finore") for the purchase of 100% interest in the Lantinen Koillismaa Platinum Group Element-Copper-Nickel (PGE-Cu-Ni) project ("LK Project") located in North-central Finland. The Agreement stipulates that the Company will pay Finore 5 million common shares of Nickel One and 2.5 million common share purchase warrants exercisable at \$0.12 for 24 months from the date of closing, and contribute up to \$100,000 (\$50,000 contributed as at March 31, 2017) towards any future private placement planned by Finore to acquire a 100% interest in the project through the purchase of Nortec Minerals Oy, the wholly-owned Finnish subsidiary of Finore. Nickel One will abide by all the underlying agreements with respect to ownership of the LK Project.

8. Loans payable

	March 31, 2017	December 31, 2016
Loans payable and accrued interest	\$ 10,000	\$ 140,924
Shares for debt settlement	-	(108,924)
Repayment of loans payable	-	(22,000)
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The \$10,000 balance in loans payable is non-interest bearing and unsecured.

9. Capital stock

Tyko was authorized to issue an unlimited number of common shares with no par value. Pursuant to the closing of the Transaction on February 23, 2016, Redline acquired all the issued and outstanding shares of Tyko as described in Notes 1 and 4 in exchange for the 13,036,966 common shares of Redline, which subsequently changed its name to Nickel One Resources Inc. A finder's fee of 976,848 common shares was issued in connection with the Transaction.

The authorized capital stock of Nickel One consists of an unlimited number of common shares with no par value.

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

9. Capital stock (continued)

There were no shares issued for the three months ended March 31, 2017.

Transactions for the year ended December 31, 2016 were as follows:

Private placement

Concurrent with the closing of the Transaction on February 23, 2016, the Company closed a financing of \$880,000 comprising of:

- 4,166,667 flow-through units ("FT unit") at \$0.12 per FT unit for gross proceeds of \$500,000. Each FT unit consists of one flow-through common share and one-half of one non-flow through share purchase warrant ("Warrant"); and
- 3,800,000 non-flow-through units ("NFT unit") at \$0.10 per NFT unit for gross proceeds of \$380,000. Each NFT unit consists of one NFT common share and one-half of one warrant.

Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.15 for 24 months.

A flow through premium liability of \$77,500 was recorded in connection with the issuance of the FT units.

In aggregate, the financing was subject to the following finders' fees: \$57,576 of cash commission and other fees and 541,333 finder's warrants with an exercise price of \$0.15 exercisable for a period of two years. The Company has recorded the fair value of these finder warrants in the amount of \$35,893 as share issuance costs.

On October 12, 2016, the Company completed the first tranche of a non-brokered private placement and issued 787,500 units at a price of \$0.08 per unit for gross proceeds of \$63,000. On December 5, 2016, the Company closed the second tranche of the private placement and issued 3,711,130 units at a price of \$0.08 per unit for gross proceeds of \$296,890. A total of 28,000 warrants, valued at \$1,065, were issued and \$3,250 of cash were paid as finder's fees for the private placement. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.12 per share.

Shares for debt

Concurrent with the closing of the Transaction on February 23, 2016, the Company issued 1,972,115 common shares at a deemed price of \$0.10 per share to settle \$197,212 past debt owed to former directors and officers of Redline (Note 12(b)), comprising of \$108,924 in loans payable (Note 8), \$80,610 in accounts payable, and \$7,678 in loans payable to related parties.

Warrants

The number and weighted average exercise prices of warrants are as follows:

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2015	-	-
Granted	6,851,982	\$0.14
Cancelled	(50,000)	\$0.15
Outstanding warrants, December 31, 2016 and March 31, 2017	6,801,982	\$0.14

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

9. Capital stock (continued)

Warrants (continued)

As at March 31, 2017, warrants enabling the holders to acquire common shares are as follows:

Expiry date (mm/dd/yyyy)	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
02/23/2018	4,524,667	0.90	\$0.15
10/12/2018	413,750	1.53	\$0.12
12/05/2018	1,863,565	1.68	\$0.12
	6,801,982	1.15	\$0.14

Stock options

Share-based payments relating to options vested during the period ended March 31, 2017 using the Black-Scholes option pricing model was \$14,820 (2016 - \$8,593), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of operations and comprehensive loss. The associated share-based compensation expense for the options granted during the period was calculated based on the following assumptions:

	2017	2016
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	0.51%	0.51%-0.71%
Expected volatility	140%	100%-140%
Estimated annual dividend yield	0.00%	0.00%
Expected life of options	5 years	1-5 years

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2015	-	-
Granted	2,515,000	\$0.14
Exercised	(440,000)	(\$0.10)
Outstanding options, December 31, 2016	2,075,000	\$0.15
Forfeited	(450,000)	(\$0.15)
Outstanding options, March 31, 2017	1,625,000	\$0.15

440,000 stock options were exercised during the year ended December 31, 2016. Accordingly, the related share-based compensation expense of \$21,733 was reallocated to capital stock.

As at March 31, 2017, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
03/29/2021	2,075,000	4.00	\$0.15	2,075,000
	2,075,000	4.00	\$0.15	2,075,000

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

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10. Nature and extent of risks arising from financial instruments

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, market risk and interest rate risk. Management believes the Company's not exposed to significant market or interest rate risk.

The Company's financial instruments consist of cash, sales tax receivable, loan receivable, loans payable, loans payable to related parties, and accounts payable and accrued liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts due to the short term maturity of the instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. The Company's receivables consist of sales tax receivable due from the Government of Canada of \$18,994 (December 31, 2016 - \$8,069), and a loan receivable of \$15,419 (December 31, 2016 - \$15,048).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11 of these financial statements. As at March 31, 2017, the Company had a cash balance of \$55,542 (December 31, 2016 - \$746) to settle current liabilities of \$408,342 (December 31, 2016 - \$243,806). The Company will need to raise sufficient funds to meet its obligations.

Other Market Price Risk

The Company's investments are subject to equity price risk as they are listed on public stock exchanges (TSX-V). The values of these investments will fluctuate as a result of changes in market prices. Recently, the markets have experienced extreme volatility; therefore the sensitivity analysis is performed using 15%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by \$3,273; an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

11. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in the Company's approach to capital management during the three months ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

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12. Related party transactions

a) Definitive acquisition

On December 31, 2010, the Company entered into a Definitive Acquisition Agreement with certain shareholders (the Vendor). Under the terms of the agreement, the Company has the option to acquire certain surface and mineral rights subject to the following conditions:

i. The Company issue common shares to the Vendor as follows:

Upon signing of the agreement December 30, 2010	3,000,000 common shares (issued)
On December 30, 2011	3,000,000 common shares (issued)
On December 30, 2012	3,000,000 common shares (issued)

ii. During the 109 day period ended December 31, 2010, the company issued 1,500,000 warrants to the Vendor to purchase one common share per warrant at the exercise price of \$0.10 per share. If there is a public unit offering of shares with included warrants in the Company's common stock, within 12 months prior of a stipulated anniversary payment, the Vendor shall receive an additional one-half share purchase warrant for each consideration share due at the particular anniversary date with an exercise price per share at the rate set in the public unit offering for the same time frame as offered to the public. During the year ended December 31, 2013, the 1,500,000 warrants expired unexercised.

iii. The Company incur exploration expenditures on the property within the following times:

Prior to December 30, 2011	\$200,000
Prior to December 30, 2012	\$600,000 additional
Prior to December 30, 2013	\$1,000,000 additional

As additional consideration for the sale of the property the Vendor shall receive a 3% net smelter return royalty, one-half of which may be purchased by the Company at any time for \$1,500,000.

Upon completion of the above conditions the title to the properties will be transferred to the Company. The Company may at any time let the option lapse by not meeting the above conditions. The Company may also accelerate any or all of the share consideration or exploration expenditures.

During the option period, the Company will have the sole and exclusive right to enter on and conduct mining on the properties provided the option is in good standing.

During 2011, 2012, and 2013, the Company did not meet the exploration expenditure requirement of \$200,000, \$600,000, and \$1,000,000 respectively; the Vendors waived the condition.

On January 21, 2015, the Company and Vendors agreed to the following acknowledgments pursuant to the Definitive Acquisition Agreement:

- The Company has not incurred the required exploration expenditures by December 31, 2013.
- The Vendors do not release the Company of its obligation to incur such exploration expenditures but do hereby waive the requirement for the Company to incur such exploration expenditures within the time frame set out.
- The Company shall be required to proceed diligently and to exercise its best efforts with respect to incurring the exploration expenditures required.

As at March 31, 2017, the Company has spent \$1,189,045 since the acquisition of the property by Tyko in 2010.

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Notes to the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2017

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12. Related party transactions (continued)

b) Due to related parties

The balance payable to related parties as at March 31, 2017 was \$74,429 (December 31, 2016 - \$61,461) and is included in accounts payable and accrued liabilities. This amount comprises \$71,851 payable to the President (December 31, 2016 - \$44,756), \$nil payable to a director (December 31, 2016 - \$1,133), \$nil (December 31, 2016 - \$7,500) payable to a former director, \$nil (December 31, 2016 - \$7,968) payable to a law firm of which one of the partners is a former director, \$2,578 payable to an officer and companies controlled by the officer (December 31, 2016 - \$104). These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Loans payable to related parties as at March 31, 2017 consists of a \$3,500 (December 31, 2016 - \$2,000) loan from a former director and a director. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

c) Other transactions

During the year ended December 31, 2016, the Company incurred \$10,000 in Transaction fees to the President.

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12 month term at \$1,000 per month.

13. Subsequent events

On April 5, 2017, the Company issued 682,697 common shares at a deemed price of \$0.08 per share to settle \$54,616 in accounts payable owed to the legal counsel.

On April 12, 2017, the Company announced a non-brokered private placement of up to 5,000,000 units at a price of \$0.05 per unit to raise aggregate proceeds of up to \$250,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.08 per share. The Company has closed the first tranche of the private placement and issued 2,250,000 units at a price of \$0.05 per unit for gross proceeds of \$112,500. \$1,400 in cash and 32,000 warrants were paid as finders fees for the first tranche of the private placement. Subscriptions of \$209,332 were received in advance for the second tranche of the private placement.