# NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

(Unaudited - Expressed in Canadian Dollars)

**Condensed Interim Consolidated Financial Statements**

**For the Nine Months Ended September 30, 2017 and 2016**

**Index**

**Notice of non-review of condensed interim consolidated financial statements**

The attached condensed interim consolidated financial statements for the nine month period ended September 30, 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 | September 30, 2017 | December 31, 2016 |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash | | $ 13,202 | $ 746 |
| Sales tax receivable | | 1,580 | 8,069 |
| Loan receivable | 5 | 16,202 | 15,048 |
| Prepaid expense and deposits | | 12,742 | 76,194 |
| Investments | 6 | 80,000 | 87,727 |
| | | $ 123,726 | $ 187,784 |
| **Liabilities and Shareholders' Equity** | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | | $ 234,206 | $ 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 |
| | | 247,706 | 243,806 |
| Shareholders' equity: | | | |
| Capital stock | 9 | 5,157,894 | 4,783,288 |
| Reserves | 9 | 573,985 | 558,188 |
| Deficit | | (5,855,859) | (5,397,498) |
| | | (123,980) | (56,022) |
| | | $ 123,726 | $ 187,784 |

Nature and continuance of operations (Note 1)
Subsequent event (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
(Unaudited - Expressed in Canadian Dollars)

| | Note | 3 Months Ended September 30, 2017 | 3 Months Ended September 30, 2016 | 9 Months Ended September 30, 2017 | 9 Months Ended September 30, 2016 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Consulting | | $ 36,000 | $ 66,000 | $ 129,672 | $ 221,000 |
| Professional fees | | - | 3,895 | 30,259 | 31,207 |
| Transfer agent and filing fees | | 3,001 | 3,770 | 18,791 | 16,616 |
| Investor relations | | 17,042 | 57,901 | 112,636 | 112,401 |
| Exploration and evaluation | 7 | - | 12,275 | 84,522 | 470,681 |
| General and administrative | | 3,735 | 4,875 | 19,148 | 14,995 |
| Rent | | 3,000 | 3,250 | 9,000 | 6,250 |
| Share-based compensation | 9 | - | 70,008 | 14,820 | 212,294 |
| Travel and promotion | | 379 | 7,922 | 20,898 | 18,590 |
| **Results from operations** | | (63,157) | (229,896) | (439,746) | (1,104,034) |
| **Other items** | | | | | |
| Interest income | 5 | 403 | 366 | 1,178 | 1,054 |
| Non-cash listing expense on completion of Transaction | 4 | - | - | - | (1,695,064) |
| Amortization of flow-through premium liability | | - | 2,342 | 5,408 | 72,977 |
| Gain on debt settlement | 9 | - | - | 20,481 | 3,643 |
| Realized gain (loss) on investments | | - | - | (2,955) | - |
| Unrealized gain (loss) on investments | | - | (20,000) | (42,727) | (10,000) |
| | | 403 | (17,292) | (18,615) | (1,627,390) |
| **Net and comprehensive loss for the period** | | (62,754) | (247,188) | (458,361) | (2,731,424) |
| **Loss per share** – basic and diluted | | $ (0.00) | $ (0.01) | $ (0.01) | $ (0.11) |
| **Weighted average number of common shares outstanding** – basic and diluted | | 39,560,553 | 27,362,596 | 35,557,486 | 24,542,164 |

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 Cash Flows for the Nine Months ended September 30,
(Unaudited - Expressed in Canadian Dollars)

| | Note | 2017 | 2016 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net loss for the period | | $ (458,361) | $ (2,731,424) |
| Items not involving cash | | | |
| Share-based compensation | 9 | 14,820 | 212,294 |
| Interest income | 5 | (1,154) | (1,049) |
| Amortization of flow-through premium liability | | (5,408) | (72,977) |
| Gain on debt settlement | 9 | (20,481) | (3,643) |
| Realized loss on investments | | 2,955 | - |
| Unrealized loss (gain) on investments | | 42,727 | 10,000 |
| Non-cash listing expense on completion of Transaction | 4 | - | 1,695,064 |
| Change in non-cash working capital items: | | | |
| Sales tax receivable | | 6,489 | (12,934) |
| Prepaid expense and deposits | | 63,452 | (74,210) |
| Accounts payable and accrued liabilities | | 62,424 | 95,942 |
| | | (292,537) | (882,937) |
| **INVESTING ACTIVITIES** | | | |
| Investments | 6 | (37,955) | - |
| | | (37,955) | - |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from private placement | 9 | 346,832 | 880,000 |
| Private placement share issuance costs | 9 | (5,384) | (57,576) |
| Proceeds from options exercised | 9 | - | 44,000 |
| Subscriptions received in advance | 9 | - | 107,500 |
| 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 | - |
| | | 342,948 | 885,847 |
| Increase in cash | | 12,456 | 2,910 |
| Cash, beginning of the period | | 746 | 1,041 |
| Cash, end of the period | | $ 13,202 | $ 3,951 |
| Non-cash item: | | | |
| Shares for debt | 9 | $ 34,135 | $ 197,212 |

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)

| | | Capital Stock | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Shares | Amount | Subscriptions Received | Reserves | Deficit | Total shareholders' equity |
| **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 |
| Shares for debt | 9 | 682,697 | 34,135 | - | - | - | 34,135 |
| Private placements | 9 | 6,936,630 | 346,832 | - | - | - | 346,832 |
| Private placement issuance costs | 9 | - | (6,361) | - | 977 | - | (5,384) |
| Loss for the period | | - | - | - | - | (458,361) | (458,361) |
| **Balance at September 30, 2017** | | 39,560,553 | $ 5,157,894 | $ - | $ 573,985 | $ (5,855,859) | $ (123,980) |

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

## 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 cost 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 November 17, 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.

## 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).

(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 September 30, 2017, the total outstanding amount of the loan plus accrued interest was $16,202 (December 31, 2016 - $15,048).

**6. Investments**

The Company has an investment in common shares of Canadian International Minerals Inc. ("CIN") and Micron Waste Technologies Inc. (formerly Finore Mining Inc). 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.

As at September 30, 2017, the Company has an investment in Nortec Minerals Oy, a private company, at a cost of $60,000.

(Unaudited - Expressed in Canadian Dollars)

## 7. Exploration and evaluation expenditures

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

| | September 30, 2017 | September 30, 2016 |
|---|---|---|
| Manitouwadge: | | |
| Assays and surveying | $ 820 | $ 17,547 |
| Claims | 26,833 | - |
| Drilling | - | 398,037 |
| Field costs | 16,194 | 6,488 |
| Geological consulting | 7,000 | 10,505 |
| Report | | 6,000 |
| Mobilization / demobilization | 19,095 | - |
| Staking and line cutting | - | 18,126 |
| Travel and support | - | 8,406 |
| LK Project: | | |
| 43-101 report | 10,605 | - |
| Travel and support | 3,975 | 5,572 |
| | $ 84,522 | $ 470,681 |

**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 Micron Waste Technologies Inc. (“Micron”) 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 Micron 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 September 30, 2017) towards any future private placement planned by Micron to acquire a 100% interest in the project through the purchase of Nortec Minerals Oy, the wholly-owned Finnish subsidiary of Micron. Nickel One will abide by all the underlying agreements with respect to ownership of the LK Project.

## 8. Loans payable

| | September 30, 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) |
| | $ 10,000 | $ 10,000 |

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.

*Transactions for the nine months ended September 30, 2017 were as follows:*

Private placement

On April 12, 2017, the Company completed the first tranche of a non-brokered private placement and issued 2,250,000 units at a price of $0.05 per unit for gross proceeds of $112,500. On June 21, 2017, the Company closed the second tranche of the private placement and issued 4,686,630 units at a price of $0.05 per unit for gross proceeds of $234,332. 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. In connection with the financings, $1,400 in cash and 32,000 warrants valued at $977 were paid as finders' fees and $3,984 were incurred as share issuance costs.

Shares for debt

On April 5, 2017, the Company issued 682,697 common valued at $34,135 to settle $54,616 in accounts payable owed to the legal counsel, resulting in a gain on debt settlement of $20,481.

*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.

(Unaudited - Expressed in Canadian Dollars)

**9. Capital stock (continued)**

*Transactions for the year ended December 31, 2016 were as follows (continued):*

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 | 6,801,982 | $0.14 |
| Granted | 3,500,315 | $0.08 |
| Outstanding warrants, September 30, 2017 | 10,302,297 | $0.12 |

As at September 30, 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 | 0.40 | $0.15 |
| 10/12/2018 | 413,750 | 1.03 | $0.12 |
| 12/05/2018 | 1,863,565 | 1.18 | $0.12 |
| 04/12/2019 | 1,157,000 | 1.53 | $0.08 |
| 06/21/2019 | 2,343,315 | 1.72 | $0.08 |
| | 10,302,297 | 0.99 | $0.12 |

**Stock options**

Share-based payments relating to options vested during the period ended September 30, 2017 using the Black-Scholes option pricing model was $14,820 (2016 - $142,286), 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 |

(Unaudited - Expressed in Canadian Dollars)

**9. Capital stock (continued)**

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 | (500,000) | ($0.15) |
| Outstanding options, September 30, 2017 | 1, 575,000 | $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 September 30, 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 | 1,575,000 | 3.50 | $0.15 | 1,575,000 |
| | 1,575,000 | 3.50 | $0.15 | 1,575,000 |

**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 $1,580 (December 31, 2016 - $8,069), and a loan receivable of $16,202 (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 September 30, 2017, the Company had a cash balance of $13,202 (December 31, 2016 - $746) to settle current liabilities of $247,706 (December 31, 2016 - $243,806). The Company will need to raise sufficient funds to meet its obligations.

(Unaudited - Expressed in Canadian Dollars)

## 10. Nature and extent of risks arising from financial instruments (continued)

*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 $3,000; 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 nine months ended September 30, 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.

## 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.

(Unaudited - Expressed in Canadian Dollars)

**12. Related party transactions (continued)**

a) Definitive acquisition (continued)

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 September 30, 2017, the Company has spent $1,211,139 since the acquisition of the property by Tyko in 2010.

b) Due to related parties

The balance payable to related parties as at September 30, 2017 was $103,252 (December 31, 2016 - $61,461) and is included in accounts payable and accrued liabilities. This amount comprises $103,200 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, $52 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 September 30, 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 event**

On November 7, 2017, the Company sold 45,000 common shares of Micron Waste Technologies Inc. at a price of $0.315 per share for net proceeds of $13,722.50.