

RT MINERALS CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

UNAUDITED

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2017 AND 2016
(UNAUDITED – SEE “NOTICE TO READER” BELOW)**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the periods ended February 28, 2017 and 2016.

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of RT Minerals Corp. and the accompanying condensed interim consolidated statements of financial position as at February 28, 2017 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the three months ended February 28, 2017 and 2016 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Paul Antoniazzi”

“Sandra Wong”

Paul Antoniazzi
Chief Executive Officer

Sandra Wong
Chief Financial Officer

April 28, 2017

April 28, 2017

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

(Expressed in Canadian Dollars)

		February 28, 2017	November 30, 2016
	Note	\$	\$
Assets			
Current assets			
Cash		32,576	1,526
Short-term investments	4	120,000	255,000
Amounts receivable		21,665	30,471
Prepaid expenses		6,813	16,471
		<u>181,054</u>	<u>303,468</u>
Non-current assets			
Deferred share issuance cost		899	-
Exploration and evaluation assets	5	593,762	437,490
		<u>594,661</u>	<u>437,490</u>
		<u>775,715</u>	<u>740,958</u>
Liabilities			
Current liabilities			
Trade and other payables		179,292	101,280
Due to related parties	9	8,912	13,119
		<u>188,204</u>	<u>114,399</u>
Equity			
Share capital	6	11,250,991	11,250,991
Contributed surplus	6	1,442,192	1,442,192
Accumulated deficit		(12,105,672)	(12,066,624)
		<u>587,511</u>	<u>626,559</u>
		<u>775,715</u>	<u>740,958</u>

Nature of operations and going concern (Note 1)

Commitments (Note 10)

Subsequent events (Note 14)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 28, 2017 and are signed on its behalf by:

 /s/“ Paul Antoniazzi” Director /s/“Fred Kiernicki” Director

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)****FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016**

(Expressed in Canadian Dollars)

	Note	2017 \$	2016 \$
<hr/>			
Expenses			
Employee costs	8	29,978	15,987
General and administrative expenses	8	59,366	22,122
<hr/>			
Total expenses		(89,344)	(38,109)
Other income (expenses)	8	50,296	(169)
<hr/>			
Net loss and comprehensive loss for the period		(39,048)	(38,278)
<hr/>			
Loss per common share, basic and diluted		0.00	(0.01)
<hr/>			
Weighted average number of common shares outstanding		20,917,626	4,487,624

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
Balance at November 30, 2015	4,487,626	10,420,457	1,279,807	(11,545,509)	154,755
Net loss for the period	-	-	-	(38,278)	(38,278)
Balance at February 29, 2016	4,487,626	10,420,457	1,279,807	(11,583,787)	116,477
Balance at November 30, 2016	20,917,626	11,250,991	1,442,192	(12,066,624)	626,559
Net loss for the period	-	-	-	(39,048)	(39,048)
Balance at February 28, 2017	20,917,626	11,250,991	1,442,192	(12,105,672)	587,511

On May 6, 2016, the Company completed a ten-for-one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and earnings (loss) per share have been restated to give effect to the ten-for-one share consolidation (Note 6 (a)).

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016**

(Expressed in Canadian Dollars)

	2017	2016
	\$	\$
Operating activities		
Net loss for the period	(39,048)	(38,278)
Items not involving cash:		
Unrealized gain on short-term investments	(50,000)	-
Changes in non-cash working capital accounts:		
Amounts receivable	8,806	(427)
Prepaid expenses	9,658	433
Trade and other payables	(15,982)	5,830
Total cash provided by (used in) operating activities	(86,566)	(32,442)
Investing activities		
Expenditures on exploration and evaluation assets	(60,424)	(178)
Sale of short-term investments	185,000	-
Total cash flows provided by (used in) investing activities	124,576	(178)
Financing activities		
Deferred share issuance costs	(899)	-
Proceeds from (repayments to) related parties	(6,061)	(9,597)
Total cash flows used in financing activities	(6,960)	(9,597)
Total change in cash during the period	31,050	(42,217)
Cash, beginning of period	1,526	78,160
Cash, end of period	32,576	35,943
Supplemental information		
Interest paid	-	-
Income taxes paid	-	-

Refer to Note 13 for non-cash transactions incurred during the periods ended February 28, 2017 and 2016.

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 1

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$12,105,672 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about 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 raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the three month period ended February 28, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2016 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2016 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2016. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on April 28, 2017.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 2

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, RT Minerals Corp (Guyana) Inc. (“RTMG”). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

b) Foreign Currency Translation

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company’s Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive income (loss).

c) New Accounting Standards, Interpretations and Amendments to Existing Standards

The following new standards, amendments and interpretations are effective for annual periods beginning on or after January 1, 2018, have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company’s future results and financial position:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 16 Leases – IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 3

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2016 annual financial statements.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at February 28, 2017 and November 30, 2016, the fair values of the short-term investments are as follows:

	February 28, 2017 \$	November 30, 2016 \$
Term deposits	-	185,000
Marketable securities	120,000	70,000
	<u>120,000</u>	<u>255,000</u>

Pursuant to a property sale agreement, on October 28, 2015 the Company received 1,000,000 common shares of Investissements Gema Inc. ("Gema"), a private company incorporated in Canada, which were recorded at a nominal value. Pursuant to a letter agreement dated February 25, 2016, the Company and Gema agreed to exchange the 1,000,000 common shares of Gema for 1,000,000 common shares of Opawica Explorations Inc. ("Opawica"), a company with directors in common with the Company. The exchange of the Gema shares for the Opawica shares was completed on June 28, 2016, and resulted in the recognition of a gain of \$120,000 in the consolidated statement of comprehensive loss.

A summary table of the Company's investment in Opawica marketable securities is as follows:

	Number of shares	Amount \$
Balance, November 30, 2015 and 2014	-	-
Opawica shares received on June 28, 2016	1,000,000	120,000
Unrealized loss	-	(50,000)
Balance, November 30, 2016	1,000,000	70,000
Unrealized gain	-	50,000
Balance, February 28, 2017	<u>1,000,000</u>	<u>120,000</u>

RT MINERALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 4****FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016**

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Golden Stock	Ballard Lake	Norwalk	Dill River	Lac Mica	Total
	\$	\$	\$	\$	\$	\$
Balance at November 30, 2015	87,188	81,948	-	-	-	169,136
Exploration costs						
Administration	-	26,860	-	-	-	26,860
Drilling	-	88,718	-	-	-	88,718
Geological survey	-	-	-	-	1,300	1,300
Property examination	72	16,872	-	-	-	16,944
Reports	-	1,583	1,583	-	-	3,166
Sampling	-	46,024	4,540	-	-	50,564
Technical assessment	998	37,385	6,665	1,748	-	46,796
	1,070	217,442	12,788	1,748	1,300	234,348
Acquisition of property	4,400	79,564	23,000	21,000	1,134	129,098
Impairment	(92,658)	-	-	-	(2,434)	(95,092)
Balance at November 30, 2016	-	378,954	35,788	22,748	-	437,490
Exploration costs						
Administration	-	106	-	-	-	106
Community consultations	-	4,626	6,970	2,018	-	13,614
Drilling	-	2,432	200	-	-	2,632
Reports	-	5,555	6,574	-	-	12,129
Technical assessment	-	15,500	19,004	16,513	-	51,017
	-	28,219	32,748	18,531	-	79,498
Acquisition of property	-	76,774	-	-	-	76,774
Balance at February 28, 2017	-	483,947	68,536	41,279	-	593,762

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 5

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Ballard Lake Property (Wawa, Ontario)

On February 6, 2015, as amended March 25, 2015, the Company signed an Agreement (the “Property Agreement”) with an arms-length vendor to acquire the Ballard Lake gold and diamond property located approximately 50 km northeast of Wawa, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 400,000 common shares of the Company to the vendor. The shares were issued on April 28, 2015 and had a fair value of \$80,000.

On October 12, 2016, the Company signed an agreement with the vendor to pay a 2% retained royalty on any additional mineral claims staked on land that is contiguous to the property, and the Company shall have the right to repurchase 1% of the royalty on the property at any time for \$1,000,000.

During the year ended November 30, 2016, the Company staked an additional 63 claim blocks to increase the Ballard Lake property’s size to approximately 160 square kilometres.

During the period ended February 28, 2017, the Company staked an additional 1,257 units to increase the Ballard Lake property’s size to approximately 366 square kilometres.

b) Norwalk Property (Wawa, Ontario)

On September 20, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Norwalk gold property located several kilometres south of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$5,000 (paid) and issuing 200,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of

- i. \$15,000 and 100,000 common shares on the first anniversary of the Acceptance Date;
- ii. \$25,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
- iii. \$45,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

c) Dill River Property (Wawa, Ontario)

On September 23, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Dill River gold property located several kilometres southeast of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$3,000 (paid) and issuing 200,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of

- i. \$10,000 and 100,000 common shares on the first anniversary of the Acceptance Date;
- ii. \$17,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
- iii. \$20,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 6

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES

a) Common Shares

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

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On May 6, 2016, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the "Share Consolidation").

As a result of the Share Consolidation, the number of shares, warrants, options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all years presented.

The Company issued the following common shares during the year ended November 30, 2016:

- i) On May 16, 2016, the Company completed a non-brokered private placement consisting of 4,500,000 flow-through units and 4,000,000 non flow-through units at a price of \$0.05 per unit for total proceeds of \$425,000. Each flow-through unit consists of one flow-through common share and one common share purchase warrant exercisable at \$0.05 for a term of five years.
- ii) In September 2016, 1,165,000 share purchase warrants with an exercise price of \$0.05 per share were exercised for gross proceeds of \$58,250.
- iii) On October 5, 2016, the Company issued 200,000 common shares with a fair value of \$0.09 per share pursuant to the Norwalk property option described in Note 6(c).
- iv) On October 5, 2016, the Company issued 200,000 common shares with a fair value of \$0.09 per share pursuant to the Dill River property option described in Note 6(d).
- v) In October 2016, 5,375,000 share purchase warrants with an exercise price of \$0.05 per share were exercised for gross proceeds of \$268,750.
- vi) In November 2016, 990,000 share purchase warrants with an exercise price of \$0.05 per share were exercised for gross proceeds of \$49,500.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares. No preferred shares have been issued since the Company's inception.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 7

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (CONTINUED)

c) Contributed Surplus

	February 28, 2017 \$	November 30, 2016 \$
Fair value of warrants issued	284,725	284,725
Fair value of stock options granted or vested	1,157,467	1,157,467
Contributed surplus	1,442,192	1,442,192

d) Share Purchase Warrants

A summary of the Company's share purchase warrants at February 28, 2017 and November 30, 2016 and the changes for the periods then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2015	947,406	\$0.52
Issue of warrants	8,500,000	\$0.05
Exercise of warrants	(7,530,000)	\$0.05
Expiry of warrants	(30,000)	\$0.60
Balance at November 30, 2016 and February 28, 2017	1,887,406	\$0.28

As at February 28, 2017, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price	Expiry Date
February 28, 2017	November 30, 2016	per Share	
766,906	766,906	\$0.50	April 2, 2017
150,500	150,500	\$0.60	December 27, 2018
970,000	970,000	\$0.05	May 16, 2021
1,887,406	1,887,406		

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 8

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has an incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011, was approved by the Company’s shareholders on April 29, 2011, and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company’s listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company up to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company’s stock options at February 28, 2017 and November 30, 2016 and the changes for the years then ended is presented below:

	February 28, 2017		November 30, 2016	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	1,528,000	\$0.12	70,000	\$1.00
Granted	200,000	\$0.10	1,528,000	\$0.12
Expired	-	-	(70,000)	\$1.00
Cancelled	-	-	-	-
Ending balance	1,728,000	\$0.12	1,528,000	\$0.12

In January 2017, the Company granted 200,000 stock options with an exercise price of \$0.10 per share expiring January 20, 2018 to a consultant conducting investor relations activities. These options will vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting. Subsequent to period end, on March 21, 2017, the investor relations contract was terminated and the unvested options were forfeited and cancelled.

In October 2016, the Company granted 1,000,000 stock options with an exercise price of \$0.10 per share expiring October 20, 2018 to directors and consultants. All options vested immediately.

In May 2016, the Company granted 528,000 stock options with an exercise price of \$0.15 per share expiring May 16, 2018 to directors and employees. All options vested immediately.

In May 2016, 70,000 stock options expired unexercised.

Details of stock options outstanding and exercisable as at February 28, 2017 and November 30, 2016 are as follows:

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 9

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS (CONTINUED)

Expiry Date	Exercise Price	February 28, 2017	November 30, 2016
January 20, 2018	\$0.10	200,000	-
May 16, 2018	\$0.15	528,000	528,000
October 20, 2018	\$0.10	1,000,000	1,000,000
		<u>1,728,000</u>	<u>1,528,000</u>

The weighted average remaining contractual life of stock options outstanding at February 28, 2017 was 1.42 years (November 30, 2016: 1.74 years).

b) Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended November 30, 2016 was \$0.106 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2017	2016
Expected stock price volatility	-	225% - 254%
Risk-free interest rate	-	0.53% - 0.54%
Dividend yield	-	-
Expected life of options	-	2 years
Stock price on date of grant	-	\$0.10 - \$0.15
Forfeiture rate	-	-

8. NATURE OF INCOME AND EXPENSES

	2017 \$	2016 \$
Other income and expenses include:		
Gain (loss) on foreign exchange	181	(169)
Interest income	115	-
Unrealized gain on short-term investments	50,000	-
	<u>50,296</u>	<u>(169)</u>
Employee costs include:		
Administrative and consulting fees	20,360	8,500
Management salaries	9,618	7,487
	<u>29,978</u>	<u>15,987</u>
General and administrative expense include:		
Accounting and audit fees	6,533	-
Filing fees	2,800	1,386
Investor communications	25,687	-
Legal fees	1,990	-
Office expenses	14,115	11,010
Transfer agent	1,248	1,356
Travel and automobile	6,993	8,370
	<u>59,366</u>	<u>22,122</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 10

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND 2016

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Office Expenses

Office expenses of \$1,456 (2016: \$1,250) were charged by a company with common directors that is a co-tenant to the Company's office premises sublease. At February 28, 2017, \$1,529 (November 30, 2016: \$1,889) in amounts owing to the co-tenant were included in due to related parties.

b) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2017	2016
	\$	\$
Short-term employee benefits and director fees	22,000	9,500
Share-based payments	-	-
	<u>22,000</u>	<u>9,500</u>

Due to related parties at February 28, 2017 includes \$7,383 (November 30, 2016: \$11,230) in amounts owing to directors, officers, and companies with common directors for unpaid project management services and expenses.

10. COMMITMENTS

- i) In relation to the May 2016 flow-through financing described in Note 6(a)(i), the Company is committed to incur \$225,000 in Canadian exploration expenditures by December 31, 2017 under the Canada Revenue Agency's look-back rule. During the year ended November 30, 2016, the Company incurred \$191,331 in qualifying exploration expenditures. The remaining commitment of \$33,669 in qualifying exploration expenditures were incurred during the period ended February 28, 2017.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, term deposits, short-term investments, amounts receivable, trade and other payables, and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	February 28, 2017		November 30, 2016	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
FVTPL assets (i)	152,576	152,576	256,526	256,526

(i) Cash and short-term investments

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at February 28, 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	32,576	-	-	32,576
Short-term investments	120,000	-	-	120,000

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk, market risk and currency risk.

Credit risk

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfil its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at February 28, 2017, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at February 28, 2017:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade payables	179,292	179,292	179,292	-	-	-
Due to related parties	8,912	8,912	8,912	-	-	-
Total	188,204	188,204	188,204	-	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

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12. CAPITAL MANAGEMENT (CONTINUED)

The Company considers items included in equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

13. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2017	2016
	\$	\$
Shares issued for mineral properties	-	36,000
Share-based payments capitalized to mineral properties	-	26,672

14. SUBSEQUENT EVENTS

a) Private Placement

On March 17, 2017, the Company completed a non-brokered private placement consisting of 300 units at a price of \$1,400 per unit for total proceeds of \$420,000. Each unit consists of 10,000 flow-through common shares, 10,000 non flow-through common shares, and 20,000 share purchase warrants exercisable at a price of \$0.10 for a two year term. The securities issued are subject to a hold period expiring July 18, 2017. A 10% commission consisting of \$8,610 cash and 123,000 common shares with a value of \$0.07 per share was paid on \$172,200 of the private placement.

b) Warrants Exercised

On March 28, 2017, 33,500 share purchase warrants with an exercise price of \$0.05 per share were exercised for gross proceeds of \$1,675.

c) Stock Options

In April 2017, the Company granted 1,150,000 stock options with an exercise price of \$0.10 per share expiring April 13, 2019 to consultants. All options vested immediately.

In April 2017, 1,330,000 stock options with an exercise price of \$0.10 per share were exercised for gross proceeds of \$133,000.