Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended

April 30, 2017 and 2016

(expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Notes		April 30, 2017		July 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents		$	1,001,264	$	1,317,302
Investments, at fair market value through profit and loss	5		14,569,317		18,008,203
Loans receivable	6		27,324		359,945
Amounts receivable and other			49,235		221,788
Prepaid expenses			20,122		94,543
Total current assets			15,667,262		20,001,781
Non-current assets					
Investment in associate	7		4,823,474		4,569,754
Exploration and evaluation assets	8		738,635		329,390
TOTAL ASSETS		$	21,229,371	$	24,900,925
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	363,543	$	417,621
Short-term loan payable	9		1,008,667		-
Total current liabilities			1,372,210		417,621
SHAREHOLDERS' EQUITY					
Share capital			26,540,163		26,540,163
Share purchase warrant reserve	10		468,081		468,081
Share-based payment reserve	11		450,675		570,408
Accumulated other comprehensive income			19,859		47,615
Accumulated deficit			(7,621,617)		(3,142,963)
Total shareholders' equity			19,857,161		24,483,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	21,229,371	$	24,900,925

Commitments and contingencies (Note 17)
Subsequent events (Note 19)

Approved by the Board of Directors:

Signed "Pierre Pettigrew", Director

Signed "Justin Reid", Director

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

SULLIDEN MINING CAPITAL INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income/(Loss)

(Expressed in Canadian dollars)

		Three months ended April 30,		For the nine months ended April 30,	
		2017	2016	2017	2016
Expenses	Note				
Share-based payments	11	$ (6,861)	$ 401,760	$ 181,430	$ 789,876
Professional, consulting and management fees	12	625,860	638,079	1,928,038	2,413,419
General and administrative expenses	13	159,713	213,524	480,457	530,593
		778,712	1,253,363	2,589,925	3,733,888
Other (income)/expenses					
Interest income	6	-	(125,097)	(14,483)	(280,785)
Interest expense and set up fee	9	13,667	-	13,667	-
Loan arrangement fees earned	6	-	(124,540)	(5,000)	(245,216)
Foreign exchange (gain)/loss		(10,489)	263,655	(4,182)	165,770
Loss from investment in associate	7	131,832	107,238	485,679	791,308
Realized gain on sale of investments	5	(1,075,371)	(449,559)	(2,400,791)	(487,837)
Unrealized loss/(gain) on investments	5	2,130,694	(10,250,654)	3,813,839	(11,537,422)
Impairment of loan receivable	6	-	2,195,900	-	2,195,900
Net (loss)/income for the period		(1,969,045)	7,129,694	(4,478,654)	5,664,394
Other comprehensive income/(loss):					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation - associate	7	(113,045)	92,045	(27,756)	(119,861)
Net comprehensive (loss)/income for the period		$ (2,082,090)	$ 7,221,739	$ (4,506,410)	$ 5,544,533
Net (loss)/income per share					
Basic and diluted		$ (0.05)	$ 0.19	$ (0.12)	$ 0.15
Weighted average common shares outstanding					
Basic		36,862,851	36,862,851	36,862,851	36,862,851
Diluted		36,862,851	37,124,972	36,862,851	36,907,363

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

SULLIDEN MINING CAPITAL INC.
Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Note	For the nine months ended April 30, 2017	2016
CASH FLOWS FROM:			
Operating activities			
Net loss for the period		$ (4,478,654)	$ 5,664,394
Items not involving cash			
Share-based payments	11	181,430	789,876
Loss from investment in associate	7	485,679	791,308
Realized gain on sale of investments	5	(2,400,791)	(487,837)
Unrealized loss/(gain) on investment	5	3,813,839	(11,537,422)
Impairment of loan receivable	6	-	2,195,900
Interest and arrangement fees earned		(19,177)	(476,367)
Interest accrued and set up fees		13,667	-
Foreign exchange loss		(14,489)	208,274
		(2,418,496)	(2,851,874)
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		246,974	(111,517)
Accounts payable and accrued liabilities		(33,087)	(55,347)
		213,887	(166,864)
Cash flows used in operating activities		(2,204,609)	(3,018,738)
Financing activities			
Payment for restricted share units		(322,155)	-
Short-term loan		1,000,000	-
Set up fee paid on short-term loan		(5,000)	
Cash flows from financing activities		672,845	-
Investing activities			
Sale of fixed-income investments		-	9,351,948
Purchase of investments		(4,511,604)	(5,289,764)
Proceeds from sale of investments	5	5,784,295	1,680,668
Loans issued	6	(226,842)	(3,057,238)
Loans repayment	6	506,000	550,000
Interest and arrangement fees received	6	73,122	480,367
Exploration and evaluation assets		(409,245)	(7,828)
Change in exploration and evaluation payables		-	-
Cash flows from investing activities		1,215,726	3,708,153
Net change in cash and cash equivalents		(316,038)	689,415
Cash and cash equivalents, beginning of the perid		1,317,302	505,452
Cash and cash equivalents, end of the period		$ 1,001,264	$ 1,194,867
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		$ 951,264	$ 1,144,867
Cash equivalents		50,000	50,000
		$ 1,001,264	$ 1,194,867

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

SULLIDEN MINING CAPITAL INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Share purchase warrant reserve	Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total Shareholders' equity
Balance as at July 31, 2016		36,862,851	$ 26,540,163	$ 468,081	$ 570,408	$ 47,615	$ (3,142,963)	$ 24,483,304
Share-based compensation	11	-	-	-	202,422	-	-	202,422
Purchase of restricted share units	11	-	-	-	(322,155)	-	-	(322,155)
Other comprehensive loss - associate	7	-	-	-	-	(27,756)	-	(27,756)
Net income for the period		-	-	-	-	-	(4,478,654)	(4,478,654)
Balance as at April 30, 2017		**36,862,851**	**$ 26,540,163**	**$ 468,081**	**$ 450,675**	**$ 19,859**	**$ (7,621,617)**	**$ 19,857,161**
Balance as at July 31, 2015		36,862,851	$ 26,540,163	$ 468,081	$ (159,172)	$ (96,756)	$ (5,193,049)	$ 21,559,267
Share-based compensation		-	-	-	626,825	-	-	626,825
Expiry of stock options, value reallocation		-	-	-	(1,529)	-	1,529	-
Other comprehensive loss - associate	7	-	-	-	-	(119,861)	-	(119,861)
Net loss for the period		-	-	-	-	-	5,664,394	5,664,394
Balance as at April 30, 2016		**36,862,851**	**$ 26,540,163**	**$ 468,081**	**$ 466,124**	**$ (216,617)**	**$ 472,874**	**$ 27,730,625**

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

1. NATURE OF OPERATIONS

Sulliden Mining Capital Inc. ("SMC" or the "Company") was incorporated under the *Business Corporations Act* (Ontario) on June 10, 2014 and was a wholly-owned subsidiary of Sulliden Gold Corporation Ltd. ("Sulliden"). Pursuant to an arrangement between Rio Alto Mining Limited and Sulliden, whereby Rio Alto acquired the shares of Sulliden, shareholders of Sulliden received 0.10 of a common share of the Company. The Company assumed Sulliden's interests in the East Sullivan property in Quebec and was capitalized with $24.76 million in cash.

The head office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5 and the registered office of the Company is located at the same address. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "SMC".

In May 2016, Sulliden Moçambique, Lda, was incorporated in Mozambique, and became a 100% owned subsidiary of the Company. There is currently no activity in this subsidiary. The registered office of this subsidiary is located at Rua Damião de Góis, Numero 371, Maputo Cidade, Moçambique.

In June 2016, a numbered company, 2507868 Ontario Inc., was incorporated under the *Business Corporations Act* (Ontario) and became a 100% owned subsidiary of the Company. This subsidiary's registered office is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

2. BASIS OF PRESENTATION

The condensed interim financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, effective for the Company's reporting for the period ended April 30, 2017. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on June 14, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out in Note 3 of the Company's annual financial statements for the year ended July 31, 2016 have been consistently applied to all the periods presented unless otherwise noted.

New and future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is considering the potential impact of the adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, 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. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company intends to adopt the new Standard on its effective date and is currently considering the potential impact on its financial reporting.

IFRS 16, *Leases* ('IFRS 16") replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is evaluating the impact of the adoption of IFRS 16 and at this time the Company does not anticipate a material impact to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in these condensed interim financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in Note 4 of the Company's audited annual consolidated financial statements for the year ended July 31, 2016. Changes to these judgements, estimates and assumptions are presented below.

(Expressed in Canadian dollars unless otherwise noted)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Assets and disposal groups held for sale -- As security for default on the loan with APIO Africa Ltd ("APIO"), in June 2016, the Company received 8,169 shares of APIO's subsidiary, Daos International Ltd. ("Daos"), a Mauritius company. As a result, the Company owned an 82% interest in Daos. The Company appointed three members to the board of Daos in June 2016 and controls the board of Daos. In October 2016, Daos issued additional shares to the Company in compensation for costs incurred by the Company related to Daos and the APIO loan. As at April 30, 2017, the Company owns 98% of the issued and outstanding shares of Daos. The Company has initiated a sale process to sell the assets of Daos in order to recoup the defaulted loan. The Company has assessed the situation at April 30, 2017 and concluded that the investment in Daos can continue to be accounted for as a disposal group held for sale in accordance with IFRS 5, Non-current Assets Held For Sale and Discontinued Operations. As a result, assets and liabilities related to Daos are presented separately on the statements of financial position. The Company has valued the assets at $nil and has concluded that there is no constructive obligation on the part of the Company with respect to the Daos liabilities. Estimates are made, assumptions are used and management judgement is exercised in this assessment. These are subject to various risks and uncertainties which may ultimately have an effect on the expected recovery of these assets.

5. INVESTMENTS

As at April 30, 2017, the Company carried investments in certain public resource and other sector companies. These securities are classified as fair value through profit or loss ("FVTPL"). As at April 30, 2017, these securities have an estimated fair value of $14,569,317 (July 31, 2016: $18,008,203) (see Note 16).

Public Issuer	Note	Security description	Cost	Estimated Fair value
Current assets				
Belo Sun Mining Corp.*		2,981,822 common shares	$ 661,728	$ 1,923,275
Aberdeen International Inc.*	i	3,951,000 common shares	607,550	493,875
		4,790,000 warrants	221,436	125,498
Trigon Metals Inc. (formerly Kombat Copper Inc.)*	ii	1,059,689 common shares	588,371	349,697
		462,500 warrants	160,688	74,278
Euro Sun Mining (formerly Carpathian Gold Inc.)*	iii	4,032,425 common shares	3,453,131	3,104,967
		1,966,213 warrants	1,655,949	209,402
African Gold Group		11,111,111 common shares	608,365	888,889
	iv.	11,111,111 warrants	391,635	571,111
Black Iron Inc.		14,824,089 common shares	748,204	1,408,288
QMX Gold Corporation		4,863,000 common sharse	459,092	1,094,175
ARHT Media Inc.		4,020,000 common shares	832,054	482,400
	v.	2,000,000 warrants	312,189	73,800
Others			1,860,451	3,769,662
			$ 12,560,843	$ 14,569,317

* Investments in related party entities –see Note 16.

5. INVESTMENTS (continued)

i. During the year ended July 31, 2015, the Company acquired units of Aberdeen International Inc. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $0.30 until November 24, 2019. The grant date fair value of the warrants was estimated to be $221,436 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 47%; risk-free interest rate of 1.52% and an expected average life of five years. The warrants were revalued at April 30, 2017 at an estimated value of $125,498 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 71.7%; risk-free interest rate of 0.75% and an expected average life of 2.5 years.

ii. In November 2016, Kombat Copper Inc. changed its name to Trigon Metals Inc. ("Trigon") and consolidated its shares on a basis of 10 old shares for 1 new share. As a result, all share amounts and warrant exercise prices related to Trigon have been adjusted to reflect this share consolidation.

During the year ended July 31, 2015, the Company acquired 400,000 units of Trigon, where each unit was comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $1.00 until February 17, 2017. These warrants have expired during the quarter unexercised.

In May 2016, the Company sold 400,000 common shares of Trigon, and subsequently acquired 462,500 units of Trigon. Each unit was comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $1.30 until May 17, 2019. The grant date fair value of the warrants was estimated to be $160,688 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159%; risk-free interest rate of 0.60% and an expected average life of three years. The warrants were revalued at April 30, 2017 at an estimated value of $74,278 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 148%; risk-free interest rate of 0.72% and an expected average life of 2.0 years.

The Company has continued to acquire shares of Trigon from the market such that the Company is carrying 1,059,689 shares at April 30, 2017. Subsequent to the end of the quarter, the Company entered into a subscription agreement with Trigon subscribing for 666,667 units of Trigon for a cost of $200,000 such that the Company's interest in Trigon after this transaction is 8.71% on a non-diluted basis.

iii. In May 2016, the Company acquired 3,932,425 units of Euro Sun. Each unit is comprised of one common share and one-half of a common share purchase warrant, with each whole warrant entitling the Company to acquire one common share at a price of $2.18 until May 19, 2018. The grant date fair value of the warrants was estimated to be $1,655,949 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 382%; risk-free interest rate of 0.62% and an expected average life of two years. The warrants were revalued at April 30, 2017 at an estimated value of $209,402 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 102%; risk-free interest rate of 0.64% and an expected average life of 1.0 years. The Company acquired an additional 100,000 shares of Euro Sun from the market during the nine months ended April 30, 2017.

For the three and nine months ended April 30, 2017 respectively, the Company sold investments for gross proceeds of $1,794,820 and $5,828,419, incurring commissions of $12,734 and $44,120 and realizing a gain on sale of investments of $1,075,371 and $2,400,791. For the three and nine months ended April 30, 2016, the Company sold investments for gross proceeds of $1,500,088 and $1,697,200, incurring commissions of $13,447 and $16,532. As a result, the Company recognized a gain on sale of investments of $449,599 and $487,837 for the three and nine months ended April 30, 2016. As a result of the fair value adjustment to the investments held by the Company at April 30, 2017, an unrealized loss of $2,130,694 and $3,813,839 was recognized for the three and nine months ended April 30, 2017 respectively (three and nine months ended April 30, 2016 respectively: a gain of $10,250,654 and a gain of $11,537,422).

5. INVESTMENTS (continued)

iv. In April 2017, the Company acquired units of African Gold Group. Each unit is comprised of one common share and one share purchase warrant, where each warrant entitles the Company to acquire one common share of African Gold Group at a price of $0.12 until April 25, 2020. The grant date fair value of the warrants was estimated to be $391,635 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 0.81% and an expected average life of three years. The warrants were revalued at April 30, 2017 at an estimated value of $571,111 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 0.78% and an expected average life of 3 years.

v. The Company’s investment in ARHT Media Inc. includes 2,000,000 warrants which were valued on grant at $312,189. This value was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 204%; risk-free interest rate of 0.43% and an expected average life of three years. The warrants were revalued at April 30, 2017 at an estimated value of $73,800 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105%; risk-free interest rate of 0.72% and an expected average life of 1.8 years.

6. LOANS RECEIVABLE

a) On April 13, 2017, the Company loaned Fura Gems Inc. an amount of US$20,000 ($27,324). Interest is charged on this loan at 12% per annum.

b) The Company’s loan receivable with QMX Gold Corporation (“QMX”) was due and outstanding at July 31, 2016 and had a carrying value of $353,945 at July 31, 2016, which included $300,000 as loaned funds, $50,000 as an arrangement fee due and $3,945 in interest accrued to July 31, 2016. Interest of 12% and default interest of an additional 5% was charged during the nine months ended April 30, 2017. The loan including default interest was repaid on October 25, 2016. Interest and default interest of $nil and $14,177 was earned for the three and nine months ended April 30, 2017 on this loan.

c) On October 18, 2016, the Company entered into an agreement with Genesis Casinos Ltd. (“Casino”), where Casino borrowed $200,000. The Company charged $5,000 as an arrangement fee for this loan. The loan was repaid in full by October 24, 2016.

d) The Company had an amount outstanding from Emerita Resources Corp. (“Emerita”) at July 31, 2016 of $6,000. This was repaid during the nine months ended April 30, 2017.

e) APIO defaulted on a loan in May 2016 and consequently the Company impaired the balance of the loan during the nine months ended April 30, 2016. An amount of US$1,750,000 ($2,195,900) was in default. This loan was secured by the assets of APIO. The Company exercised its security by taking shares of Daos. Daos owns a 75% interest in Vaninga Investments Ltd. which owns a data centre. The Company is actively pursuing potential buyers for the data centre and plans to realize on the sale of the asset within one year. The Company has accounted for the shares of Daos as a disposal group held for sale. The assets were estimated to have a fair value less costs to sell of $nil. It is estimated that existing liabilities in Daos may offset potential proceeds from a sale. The Company has estimated a fair value of $nil for the liabilities associated with this disposal group as, in accordance with Mauritius local laws, the Company, as a shareholder, is not liable for the obligations of Daos.

During the nine months ended April 30, 2016, interest of US$137,500 ($182,456) and arrangement fees and extension fees of US$112,500 ($149,216) were charged by the Company on these loans and paid to the Company in advance. Interest recognized with respect to this loan for the three and nine months ended April 30, 2016 was $46,165 and $82,916 respectively.

(Expressed in Canadian dollars unless otherwise noted)

6. LOANS RECEIVABLE (continued)

e) Also during the comparative nine months ended April 30, 2016, the Company entered into a loan agreement with Emerita providing a loan of $50,000 which was repaid in January 2016. In February 2016, the Company entered into another loan agreement with Emerita for $56,000 maturing on August 25, 2016. Interest recognized on these loans during the three and nine months ended April 30, 2016 was $2,000 and $4,177 respectively.

f) The Company entered into a loan agreement with ARHT Media Inc ("ARHT") in November 2015 providing an unsecured debenture of $500,000. This loan was repaid during by January 31, 2016. In March 2016, the Company entered into another loan agreement with ARHT providing a loan of $200,000, which was repaid in April 2016. And also in March, the Company provided a loan of US$55,000, which was also repaid in April 2016. During the three and nine months ended April 30, 2016, the Company recognized interest of $14,519 and $44,519 respectively, and fees of $25,000 and $95,000 respectively.

7. INVESTMENT IN ASSOCIATE

In April 2017, Aguia consolidated its shares on a basis of 5 old shares for 1 new share. As at April 30, 2017, the Company owns 15,429,890 shares of Aguia, representing a 17.08% interest in Aguia. The Company's interest in Aguia dropped during the nine months ended April 30, 2017 as a result of an Aguia financing in October 2016 which diluted the Company's position. Aguia is incorporated in Australia and listed on the ASX. Aguia's primary focus is on the exploration and development of large scale phosphate and potash projects in Brazil. The Company also acquired a 1% NSR on the Rio Grande project held by Aguia. Aguia has the option to buy-back the NSR royalty for AUD$1,000,000 at any time up to November 2017.

On April 7, 2015, the Company's President and CEO, Mr. Justin Reid, was appointed as Executive Chairman of the Board of Aguia. On this date, management re-assessed the level of influence that the Company has with respect to Aguia and determined that the Company has significant influence. On this basis, the investment is considered an associate and is accounted for using the equity method.

July 31, 2016	$	4,569,754
Acquisition of 3,843,951 shares at cost		1,895,379
Sale of 2,646,841 shares at cost		(1,139,062)
Proportionate share of net loss		(485,679)
Proportionate share of other comprehensive loss		(16,918)
April 30, 2017	$	4,823,474
Fair market value of 15,429,890 shares at April 30, 2017	$	7,877,731

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from the associate during the period.

The Company recorded an equity loss of $131,832 and $485,679 for the three and nine months ended April 30, 2017 respectively (three and nine months ended April 30, 2016 respectively: $107,238 and $791,308) which represents the proportionate share of Aguia's net loss through the three and nine months ended March 31, 2017. Aguia has a June fiscal year end and it is impractical to prepare financial statements to April 30, 2017 as Aguia is a listed entity. It is expected that the difference in reporting dates is immaterial.

The amounts recorded are based on the most recent available information for Aguia.

(Expressed in Canadian dollars unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS

	East Sullivan project	Troilus project	TOTAL
Balance as at July 31, 2016	$ 140,492	$ 188,898	$ 329,390
Capitalized expenditures for the period	-	379,665	379,665
Property acquisition and maintenance costs	601	28,979	29,580
Balance as at April 30, 2017	$ 141,093	$ 597,542	$ 738,635

The East Sullivan property consists of 13 staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company. The Company is maintaining these claims in good standing.

On May 2, 2016, the Company entered into an option agreement with First Quantum Minerals Ltd. ("First Quantum") to acquire the past-producing Troilus Mine, located in the Abitibi mining region of Quebec. Pursuant to the agreement, the Company will hold a two-year option to purchase a 100% interest in the Troilus Mine. To exercise the option, a minimum of $1,000,000 must be spent on engineering and technical studies to evaluate the economic viability of the project. Upon signing, an initial cash payment of $100,000 was made to First Quantum. An additional cash payment of $100,000 will be required to be made May 2, 2017 and a final cash payment of $100,000 will be made on the date of exercise of the option. Subsequent to the end of the year, the Company made its required $100,000 payment. Additionally, a variable Net Smelter Royalty of 1.5% or 2.5% depending on the gold price being more or less than US$1,250/ounce during the reference period will be granted to First Quantum.

9. SHORT-TERM LOAN PAYABLE

In April 2017, the Company entered into a short-term loan agreement with Belo Sun Mining Corp. ("Belo Sun") borrowing $1,000,000. A $5,000 set up fee was charged for this loan. For every 15 days the loan is outstanding, $5,000 of interest is payable. This loan was repaid in full in May 2017. Interest of $8,667 was charged for the three and nine months ended April 30, 2017.

10. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants #	Weighted Average Exercise Price	Value $
Balance as at July 31, 2016 and April 30, 2017	2,499,979	$0.50	468,081

These outstanding warrants expire on November 24, 2019.

(Expressed in Canadian dollars unless otherwise noted)

11. SHARE-BASED PAYMENT RESERVE

	Share Purchase Options	Restricted Share Units	Total Reserve
Balance as at July 31, 2016	$ 612,163	$ (41,755)	$ 570,408
Share-based payments allocated to:			
Expenses	-	202,422	202,422
Purchase of restricted share units	-	(322,155)	(322,155)
Balance as at April 30, 2017	$ 612,163	$ (161,488)	$ 450,675

The share-based payments recorded on the condensed interim consolidated statements of operations and comprehensive loss for the three and nine months ended April 30, 2017 and 2016 are presented in detail below.

Share-based payments	**Three months ended April 30,**		**Nine months ended April 30,**	
	2017	**2016**	**2017**	**2016**
Share purchase options	$ -	$ 183,293	$ -	$ 218,813
Restricted share units	16,940	106,194	202,422	408,012
Deferred share units	(23,801)	112,273	(20,992)	163,051
	$ (6,861)	$ 401,760	$ 181,430	$ 789,876

No stock options were granted during the three and nine months ended April 30, 2017. During the three and nine months ended April 30, 2016, 1,045,000 and 1,245,000 stock options were granted.

Share purchase options

The change in share purchase options during the period presented was as follows:

	Number of options	Weighted average exercise price	Value
Balance as at July 31, 2016	3,180,305	$0.35	$ 612,163
Expiry of stock options	(376,900)	$0.58	-
Balance as at April 30, 2017	2,803,405	$0.35	$ 612,163

(Expressed in Canadian dollars unless otherwise noted)

11. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes information on share purchase options outstanding as at April 30, 2017:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$0.54	September 14, 2017	2,000	2,000	0.38
$0.34	December 14, 2017	164,805	164,805	0.62
$0.36	February 5, 2018	100,000	100,000	0.77
$0.36	February 8, 2018	5,000	5,000	0.78
$0.39	September 12, 2018	235,600	235,600	1.37
$0.46	September 17, 2019	1,001,000	1,001,000	2.38
$0.25	March 30, 2020	50,000	50,000	2.92
$0.24	January 5, 2021	200,000	200,000	3.69
$0.25	February 1, 2021	1,045,000	1,045,000	3.76
	Total	2,803,405	2,803,405	2.75

Restricted Share Unit and Deferred Share Unit Incentive Plans

On September 17, 2014, the Company adopted a Restricted Share Unit ("RSU") Incentive Plan and a Deferred Share Unit ("DSU") Incentive Plan.

On September 17, 2014, the Company granted and issued an aggregate of 3,000,000 RSUs to officers and employees of the Company. Each RSU entitled an officer or an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 3,000,000 RSUs vested in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017. The fair value of the RSUs was determined to be $0.55 per unit on the date of grant.

On January 5, 2016, the Company granted and issued an aggregate of 500,000 RSUs to an officer of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 500,000 RSUs vest in three equal tranches, on each of January 5, 2017, January 5, 2018 and January 5, 2019. The fair value of these RSUs was determined to be $0.26 per unit on the date of grant.

On January 13, 2016, the Company granted and issued an aggregate of 875,000 RSUs to officers and employees of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 875,000 RSUs vest in three equal tranches, on each of February 1, 2016, February 1, 2017 and February 1, 2018. The fair value of these RSUs was determined to be $0.23 per unit on the date of grant.

The Company granted DSUs to the Company's independent directors. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until January 1, 2017 for 600,000 DSUs that are currently issued and until March 30, 2018 for 300,000 DSUs that are currently issued, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

As at April 30, 2017, 802,621 DSUs related to current directors have vested and entitle the holders, upon ceasing to hold office, to receive a cash payment of $224,734 equal to an average market price of $0.28 for each DSU. This amount is recorded as a liability on the condensed interim consolidated statements of financial position.

(Expressed in Canadian dollars unless otherwise noted)

11. SHARE-BASED PAYMENT RESERVE (continued)

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflect the number of RSUs and DSUs that may vest based on conditions existing as at April 30, 2017:

	RSU		DSU		
	Non-vested	**Vested**	**Non-vested**	**Forfeited**	**Vested**
Balance as at July 31, 2016	2,083,334	2,291,666	315,575	218,002	616,423
Activity during the period:					
RSUs vesting from previous grant	(1,458,334)	1,458,334	-	-	-
DSUs vesting from previous grant	-	-	(186,198)	-	186,198
Balance as at April 30, 2017	625,000	3,750,000	129,377	218,002	802,621

During the nine months ended April 30, 2017, the Company re-purchased 915,999 shares of the Company from the market for a total cost of $322,155 net of commissions to cover the RSU obligations.

Upon vesting, the Company is obligated to deliver to the holders of the RSUs 166,667 common shares of the Company on each of January 5, 2018 and January 5, 2019; and 291,667 common shares of the Company on February 1, 2018.

For the three and nine months ended April 30, 2017, share-based compensation expense of $16,940 and $202,422 was recognized for the RSUs (three and nine months ended April 30, 2016: $106,194 and $408,012) and ($23,801) and ($20,992) was recognized for the DSU incentive plan (three and nine months ended April 30, 2016: $112,273 and $163,051).

12. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Three months ended April 30,		Nine months ended April 30,	
	2017	**2016**	**2017**	**2016**
Salaries and benefits	$ 351,764	433,270 $	$ 1,040,500 $	1,834,528
Directors fees	26,042	18,750	63,542	56,250
Consulting fees	119,814	145,331	404,321	426,649
Legal, audit and professional fees	128,240	40,728	419,675	95,992
	$ 625,860	$ 638,079	$ $ 1,928,038	$ 2,413,419

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended April 30,		Nine months ended April 30,	
	2017	**2016**	**2017**	**2016**
General and office	$ 64,491	$ 64,373	$ 223,229	$ 159,044
Shareholder communication	41,510	113,743	163,296	200,018
Travel and accommodation	53,712	35,408	93,932	171,531
	$ 159,713	$ 213,524	$ 480,457	$ 530,593

(Expressed in Canadian dollars unless otherwise noted)

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at April 30, 2017 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
As at April 30, 2017				
Cash and cash equivalents	$ 1,001,264	$	$ -	$ 1,001,264
Investments	14,569,317	-	-	14,569,317
Loan receivable	-	27,324	-	27,324
Amounts receivable and other	-	49,235	-	49,235
Accounts payable and accrued liabilities	-	-	363,543	363,543
Short-term loan payable	-	-	1,008,667	1,008,667

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at April 30, 2017.

	Level 1	Level 2	Level 3	TOTAL
As at April 30, 2017				
Cash and cash equivalents	$ -	$ 1,001,264	$ -	$ 1,001,264
Investments	11,664,525	2,904,792	-	14,569,317

The carrying value of cash and cash equivalents, loan receivable, amounts receivable and other, accounts payable and accrued liabilities and short-term loan payable reflected in the condensed interim statement of financial position approximate fair value because of the relatively short-term maturities.

15. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Loans receivable bear interest at fixed rates. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at April 30, 2017, would result in an increase in annual interest income of approximately $10,000. All liabilities as at April 30, 2017 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments, including its investment in an associate, which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, loans receivable and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents of cash and GICs held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada.

Liquidity risk

As at April 30, 2017, the Company had net working capital of $14,295,052, which included cash and cash equivalents of $1,001,264, investments of $14,569,317, and amounts receivable and prepaid expenses of $69,357, offset by current liabilities of $363,543 and short-term loan payable of $1,008,667. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company’s earnings. The Company classifies these investments as fair value through profit and loss where price volatility is reflected in earnings.

(Expressed in Canadian dollars unless otherwise noted)

16. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

The Company shares office space, resources and certain services with other corporations. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the three and nine months ended April 30, 2017, the Company was charged $84,750 and $282,500 for these services. As well, the Company was charged an additional $35,287 and $94,805 by 2227929 Ontario Inc. for other services.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended April 30, 2017	Three months ended April 30, 2016	Nine months ended April 30, 2017	Nine months ended April 30, 2016
Management salaries and fees	$ 319,071	$ 382,071	$ 957,213	$ 1,681,321
Directors fees	26,042	18,750	63,542	131,250
Share-based payments	(10,117)	337,286	49,518	732,087
	$ 334,996	$ 738,107	$ 1,070,273	$ 2,544,658

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

As at April 30, 2017, the Company holds investments in certain public resource and other sector companies that are related party entities, related by virtue of the relationship with common directors and officers.

Public Issuer		Security description	Cost	Estimated Fair value
Belo Sun Mining Corp.	i	2,981,822 common shares	$ 661,728	$ 1,923,275
Aberdeen International Inc.	ii	3,951,000 common shares and 4,790,000 warrants	828,986	619,373
Trigon Metals Inc. (formerly Kombat Copper Inc.)	iii	1,059,689 common shares and 462,500 warrants	749,059	423,975
Euro Sun Mining (formerly Carpathian Gold Inc.)	iv	4,032,425 common shares, 1,966,213 warrants	5,109,080	3,314,369
			$ 7,348,853	$ 6,280,992

i. The Company's executive director and senior vice president, Peter Tagliamonte, serves as director and president and CEO of this company; the Company's executive chairman, Stan Bharti, serves as director of this company. The Company's new director, William Clarke, is a director of this company.
ii. The Company's executive chairman, Stan Bharti, serves as director of this company and interim CEO.
iii. The Company's CEO, Justin Reid, serves as chairman of the board of this company.
iv. The Company's executive director and senior vice president, Peter Tagliamonte, serves as director of this company; the Company's executive chairman, Stan Bharti, serves as director of this company. The Company's CEO, Justin Reid, serves as director of this company.

Public Issuer	Security description	Cost	Carrying value
Aguia Resources Ltd.	15,429,890 common shares	$ 6,539,761	$ 4,823,474

The Company's investment in associate, Aguia, is a related party by virtue of common directors, Mr. Justin Reid and Mr. Paul Pint.

(Expressed in Canadian dollars unless otherwise noted)

17. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,340,000 (as at July 31, 2016 - $1,300,000) and additional contingent payments of approximately $7,300,000 (as at July 31, 2016 - $7,170,000) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these annual financial statements.

The Company is currently involved in a litigation proceeding with APIO whereby APIO is challenging the Company's actions with respect to the transfer of the DAOS shares. APIO is seeking monetary compensation. A reliable estimate of the amount of the claim cannot be made at this time given the early stages of the claim. The probability of the outcome is also uncertain. The Company is vigilantly defending its actions with respect to these claims.

18. INCOME TAX

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% (2015: 26.5%) were as follows:

	For the nine months ended April 30, 2017	For the nine months ended April 30, 2016
(Loss)/income before income taxes	$ (4,478,654)	$ 5,664,394
Statutory rate	26.50%	26.50%
Expected income tax (recovery)/expense	(1,186,843)	1,501,064
Adjustments to expected income tax recovery:		
Share-based payments	48,079	209,317
Non-deductible expenses/(recovery)	1,262,009	(2,907,414)
Benefit of tax losses not recognized	(123,245)	1,197,033
Deferred income tax	$ -	$ -

b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following temporary differences:

	For the nine months ended April 30, 2017	For the nine months ended April 30, 2016
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	1,520,957	1,682,045
Share issue costs	119	172
Investments	45,675	(1,343,875)
Others	1,444,910	1,139,500
Net deferred income tax assets and (liabilities)	3,011,661	1,477,842
Unrecognized deferred tax assets	(3,011,661)	(1,477,842)
Deferred income tax asset (liability)	$ -	$ -

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

19. SUBSEQUENT EVENTS

In May 2017, the Company closed a non-brokered private placement financing raising gross proceeds of $1,150,000 through the sale of 4,600,000 units at a price of $0.25 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant which is exercisable at $0.35 for a period of two years.

In May 2017, the Company made its $100,000 payment with respect to the Troilus option, meeting that obligation.

In May 2017, the Company repaid its outstanding short-term loan payable to Belo Sun (Note 9).

Subsequent to the end of the quarter, the Company sold investments for net proceeds of approximately $1,854,000. As well, the Company acquired investments for proceeds of approximately $1,124,000. This includes the purchase of $200,000 in units of Trigon, related by virtue of a common director (Note 16).