



## **CAMINO MINERALS CORPORATION**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS SIX MONTHS ENDED JANUARY 31, 2017**

*(Expressed in Canadian Dollars)*

*(Unaudited)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsections 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**CAMINO MINERALS CORPORATION**  
**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars  
(unaudited)

	Notes	January 31, 2017	July 31, 2016 (audited)
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		924,975	791,638
Receivables		5,206	7,207
Deposits and prepaid expenses		25,038	35,636
<b>Total current assets</b>		<b>955,219</b>	<b>834,481</b>
<b>Non-current assets</b>			
Fixed assets		37,618	49,961
Mineral interests	3	2,608,390	1,910,261
<b>Total non-current assets</b>		<b>2,646,008</b>	<b>1,960,222</b>
<b>Total Assets</b>		<b>3,601,227</b>	<b>2,794,703</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		194,826	80,496
Loan payable	6	509,370	501,808
<b>Total liabilities</b>		<b>704,196</b>	<b>582,304</b>
<b>EQUITY</b>			
Share capital	4	17,896,486	17,897,236
Obligation to issue shares	4	690,000	-
Reserves	4	12,220,615	12,220,615
Share based payment reserves	4	2,043,641	1,917,329
Warrant reserves	4	787,370	787,370
Accumulated other comprehensive income (loss)	2, 4	6,930	6,930
Deficit		(30,748,011)	(30,617,081)
<b>Total equity</b>		<b>2,897,031</b>	<b>2,212,399</b>
<b>Total Equity and Liabilities</b>		<b>3,601,227</b>	<b>2,794,703</b>

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

These condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on March 31, 2017.

**On behalf of the Board:**

*Peter DeVisser*  
Peter DeVisser  
(Chairman of Audit Committee)

*Ken McNaughton*  
Ken McNaughton  
(Director)

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Three months ended January 31, 2017 \$	Three months ended January 31, 2016 \$	Six months ended January 31, 2017 \$	Six months ended January 31, 2016 \$
<b>EXPENSES</b>					
Consulting		1,632	475	3,193	1,037
General and administrative		3,618	2,152	5,871	1,866
General exploration		-	3,126	-	31,635
Insurance		5,473	5,723	10,946	11,446
Interest expense	5	3,781	-	7,562	-
Investor relations		14,596	29,135	27,867	73,347
Listing and filing fees		4,135	2,348	4,435	2,348
Management fees		1,500	-	3,000	-
Professional fees		2,800	12,602	9,800	49,852
Salaries and benefits		-	1,095	-	2,191
Share based compensation	4	29,083	24,136	105,854	71,488
Shareholder relations		3,093	-	3,093	2,223
Transfer agents		922	2,453	1,579	(2,229)
Travel		606	2,406	606	5,152
<b>Loss from operations</b>		<b>71,239</b>	<b>85,651</b>	<b>183,806</b>	<b>250,356</b>
<b>OTHER ITEMS</b>					
Foreign exchange loss (gain)		(4,345)	42,303	(52,123)	(12,220)
Interest income		(231)	-	(753)	-
Gain on disposal of assets		-	-	-	-
<b>Net loss for the period</b>		<b>66,663</b>	<b>127,954</b>	<b>130,930</b>	<b>238,136</b>
<b>Basic and diluted loss per common share</b>	4	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>

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

**CAMINO MINERALS CORPORATION****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**Expressed in Canadian dollars  
(unaudited)

	Notes	Three months ended January 31, 2017 \$	Three months ended January 31, 2016 \$	Six months ended January 31, 2017 \$	Six months ended January 31, 2016 \$
<b>Net loss for the period</b>		66,663	127,954	130,930	238,136
Other comprehensive loss for the period:					
Currency translation difference	2	-	33,412	-	71,066
<b>Net comprehensive loss for the period</b>		66,663	161,366	130,930	309,202

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

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Six months ended January 31, 2017 \$	Six months ended January 31, 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period from operations		(130,930)	(238,956)
Items not affecting cash:			
Interest accrued on loan	5	7,562	-
Share-based compensation	4	105,854	71,488
Foreign exchange		(52,123)	(130,905)
Change in non-cash working capital items:			
Receivables		2,001	12,538
Prepaid expenses		10,598	44,776
Accounts payable and accrued liabilities		20,918	(16,792)
<b>Net cash used in operating activities</b>		<b>(36,120)</b>	<b>(257,851)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on mineral interests		(519,793)	(288,819)
Proceeds received on disposition of subsidiaries		-	268,419
<b>Net cash used in investing activities</b>		<b>(519,793)</b>	<b>(20,400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subscription receivable	4	-	24,100
Obligation to issue shares		690,000	-
Share issue costs	4	(750)	-
Cash received on acquisition of Minquest		-	-
<b>Net cash from financing activities</b>		<b>689,250</b>	<b>24,100</b>
<b>Change in cash and cash equivalents for the period</b>		<b>133,337</b>	<b>(254,151)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>791,638</b>	<b>943,310</b>
<b>Cash and cash equivalents, end of period</b>		<b>924,975</b>	<b>689,159</b>

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**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
Expressed in Canadian dollars  
(unaudited)

Common shares									
	Number of shares	Amount \$	Obligation to issue shares \$	Reserves \$	Share-based payments reserve \$	Warrant reserves \$	Accumulated currency translation difference \$	Deficit \$	Total \$
Balance – August 1, 2016	24,529,009	17,897,236	-	12,220,615	1,917,329	787,370	6,930	(30,617,081)	2,212,399
Value assigned to options granted	-	-	-	-	126,312	-	-	-	126,312
Share issue costs	-	(750)	-	-	-	-	-	-	(750)
Obligation to issue shares	-	-	690,000	-	-	-	-	-	690,000
Shares returned to treasury (note 4)	(16,129)	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	-	-	(130,930)	(130,930)
<b>Balance – January 31, 2017</b>	<b>24,512,880</b>	<b>\$ 17,896,486</b>	<b>\$ 690,000</b>	<b>\$ 12,220,615</b>	<b>\$ 2,043,641</b>	<b>\$ 787,370</b>	<b>\$ 6,930</b>	<b>\$(30,748,011)</b>	<b>\$ 2,897,031</b>

Common shares									
	Number of shares	Amount \$	Subscription receivable \$	Reserves \$	Share-based payments reserve \$	Warrant reserves \$	Accumulated currency translation difference \$	Deficit \$	Total \$
Balance – August 1, 2015	24,279,009	17,872,736	\$(24,100)	12,220,615	1,840,101	787,370	59,964	(30,289,189)	2,467,497
Value assigned to options granted	-	-	-	-	88,536	-	-	-	88,536
Subscriptions received	-	-	24,100	-	-	-	-	-	24,100
Shares issued per mineral property agreement	200,000	16,000	-	-	-	-	-	-	16,000
Other comprehensive gain	-	-	-	-	-	-	(71,066)	-	(71,066)
Income for the year	-	-	-	-	-	-	-	(238,956)	(238,956)
<b>Balance – January 31, 2016</b>	<b>24,479,009</b>	<b>\$ 17,888,736</b>	<b>-</b>	<b>12,220,615</b>	<b>1,928,637</b>	<b>787,370</b>	<b>(11,102)</b>	<b>\$(30,528,145)</b>	<b>2,286,111</b>

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

**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Camino Minerals Corporation (“Camino Minerals” or “the Company”) is an exploration stage company that is engaged directly in the exploration and development of mineral properties in Peru. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered and head office is 500 – 666 Burrard Street, Vancouver, BC V6C 3P6.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These condensed consolidated interim financial statements should be read in conjunction as our annual consolidated financial statements for the year ended July 31, 2016 as they follow the same accounting policies under IFRS.

**b) Basis of Consolidation**

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Minquest Peru SAC (“Minquest”), Recursos Mineros Rojo S.A. de C.V. (“RMR”), Camino Resources SAC (“CRM”), and Mining Activities SAC (“MinAc”). All intercompany transactions and balances have been eliminated.

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Proportion of Ownership Interest</b>	<b>Principal Activity</b>
Minquest Peru SAC	Peru	100%	Holds mineral interests in Peru
Camino Resources SAC	Peru	100%	Holds mineral interests in Peru
Mining Activities SAC	Peru	100%	Holding company
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Holding company



**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**c) Significant Accounting Estimates and Judgments**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

- i. *Impairment of Mineral Interests* - The assessment of impairment indicators involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties and the results of exploration to date.

*New standards, amendments and interpretations adopted by the Company*

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after July 1, 2016 or later periods.

- (i) Effective for annual periods beginning on or after January 1, 2018
  - New standard IFRS 9, *Financial Instruments, Classification and Measurement*, addresses classification and measurement of financial assets and will replace IAS 39, "*Financial Instruments: Recognition and Measurement*." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, it is at fair value through profit and loss.

The Company plans to adopt these standards as soon as they become effective for the Company's. Adoption of this standard is expected to have minimal impact on the Company's financial statements.

**d) Change in Accounting Policy**

Effective August 1, 2016, the functional currency of all of the Company's subsidiaries was assessed to be the Canadian dollar. This change in policy is accounted for prospectively, with all non-monetary assets and liabilities of these entities denominated in other currencies presented using the historical exchange rates applicable to the underlying transactions comprising such amounts, commencing with their July 31, 2016 balances. Monetary assets and liabilities, of both the parent company and its subsidiaries, continue to be translated at period end rates; however, all such unrealized amounts will now be reported in current operations.

This change is due to the following changes in the subsidiaries' conditions and transactions: i) the subsidiaries now utilize contractors instead of employees; ii) the Company incurs expenses on behalf of the subsidiaries that were previously incurred in the local currency; iii) the Company pays vendors and contractors of each subsidiary directly, iv) the subsidiaries are wholly dependent on the parent Company for financing; and v) the Company directly influences and determines the events and activities of the subsidiaries.

**CAMINO MINERALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the six months ended January 31, 2017  
Expressed in Canadian dollars  
(unaudited)

**3. MINERAL INTERESTS**

Expenditures on the Company's mineral interests are summarized as follows:

**Six months ended January 31, 2017**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Los Chapitos</b>	<b>Lost Cabins</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, July 31, 2016	830,604	913,509	113,970	52,178	1,910,261
Acquisition costs	-	-	-	13,321	13,321
Amortization	-	12,343	-	-	12,343
Assaying	-	-	15,492	-	15,492
Claim taxes and government fees	-	-	-	10,280	10,280
Community relations	-	-	1,975	-	1,975
Consulting	-	23,188	148,531	4,378	176,097
Equipment and supplies	-	41,760	2,544	-	44,304
Field and office supplies	5	(48,124)	20,570	-	(27,549)
Field work	-	115,562	13,344	-	128,906
Geology and prospecting	-	1,878	201,690	-	203,568
Mining rights and fees	-	(84,157)	16,364	-	(67,793)
Salaries	-	(12,022)	-	-	(12,022)
Share-based compensation	-	4,682	15,776	-	20,458
Other	-	50,248	43,980	-	94,228
Travel	-	6,500	30,971	-	37,471
Exploration costs for the period	5	111,858	511,237	27,979	651,079
Value-added tax	-	7,833	39,217	-	47,050
Balance, January 31, 2017	830,609	1,033,200	664,424	80,157	2,608,390

Valued-added tax includes tax credits receivable from the Government of Peru and is deferred as mineral interests as recoverability is uncertain.

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2017

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS (Cont'd)****Year ended July 31, 2016**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Los Chapitos</b>	<b>Lost Cabins</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, July 31, 2015	654,789	567,966	-	1,630	1,224,385
Acquisition	-	-	72,793	16,000	88,793
Amortization	3,262	26,244	-	-	29,506
Assaying	-	6,871	-	6,802	13,673
Community relations	-	23,187	-	-	23,187
Consulting	107,500	6,756	-	10,992	125,248
Equipment and supplies	-	21,863	101	-	21,964
Field and office supplies	18	21,253	49	-	21,320
Field work	-	10,561	-	-	10,561
Geology and prospecting	880	-	11,712	330	12,922
Mining rights and fees	38,051	7,675	21,805	10,200	77,731
Salaries	-	8,036	-	-	8,036
Share-based compensation	4,913	6,671	-	-	11,584
Subsidiary overhead allocation	12,303	153,322	7,161	-	172,786
Travel	4,037	57,396	43	6,224	67,700
Exploration costs for the year	170,964	349,835	40,871	34,548	596,218
Valued-added tax	2,430	19,552	618	-	22,600
Currency translation adjustment (note 2)	2,421	(23,844)	(312)	-	(21,735)
<b>Balance, July 31, 2016</b>	<b>830,604</b>	<b>913,509</b>	<b>113,970</b>	<b>52,178</b>	<b>1,910,261</b>

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2017

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS (Cont'd)****Los Chapitos, Peru**

On July 19, 2016, the Company entered into an option agreement with Minas Andinas SA, pursuant to which it can acquire a 100% interest in the Los Chapitos copper, gold and silver project located in the Department of Arequipa, Peru.

Under the terms of the option agreement, the Company has the right to earn 100% interest in the Project, subject to a 1.5% Net Smelter Royalty ("NSR"), by making staged option payments and issuing common shares of the Company as follows:

<b>Date for option payment</b>	<b>Amount USD</b>	<b>Shares</b>
	\$	
On execution of the option agreement ("effective date") (paid)	50,000	50,000
12 months after effective date	75,000	75,000
24 months after effective date	100,000	100,000
36 months after effective date	125,000	125,000
48 months after effective date	150,000	150,000
<b>TOTAL:</b>	<b>500,000</b>	<b>500,000</b>

The 1.5% NSR is payable up to a maximum of US\$10 million. The Company retains the right of first offer to purchase the NSR. Advance royalty payments of US\$500,000 will also be payable for each 500 million pounds of copper equivalent ("CuEQ") related to any incremental increase in measured and indicated resources. For the purpose of this agreement, CuEQ will be based on the contained pounds of copper, contained ounces of gold and silver, and the LME closing spot price on the date of release of each applicable resource estimate.

**Plata Dorada, Peru**

On January 22, 2015, the Company completed the acquisition of Minquest which owns the Plata Dorada copper, gold, silver property in the Department of Cuzco, Peru.

**Red Beds, Peru**

On January 26, 2015, the Company entered into an option agreement pursuant to which the Company may acquire a 100% interest in the Red Beds copper and silver project ("Red Beds") located in the Department of Cuzco, Peru.

Under the terms of the option agreement, the Company has agreed to pay a total of US \$280,000 in staged cash payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
On execution of the option agreement (paid)	\$ 40,000
Upon final registration of the claims (paid)	40,000
12 months after the date of the final registration of the claims	100,000
24 months after the date of the final registration of the claims	100,000
<b>TOTAL:</b>	<b>\$ 280,000</b>

On January 10, 2017, the Company announced that it decided to reduce its holdings in the Red Beds project, and returned the claims under option to the vendor. The Company will retain the four claims it originally staked.

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2017

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS (Cont'd)****Saddleback and Lost Cabin, U.S.A**

On February 3, 2015, the Company signed option agreements with La Cuesta International Inc., pursuant to which the Company may acquire a 100% interest in the Saddleback Project (“Saddleback”) located in the states of Arizona and New Mexico, and the Lost Cabin Project, (“Lost Cabin”) located in the state of Oregon. The terms of the individual property option agreements are the same for each of the Saddleback and Lost Cabins. Under the terms of the agreements, the Company has the right to earn 100% interest in a Property, subject to a 1.5% Net Smelter Royalty (“NSR”), by issuing 200,000 common shares of the Company, and by making staged advanced NSR payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
On execution of the option agreement (“effective date”) (paid)	\$ 1,500
12 months after effective date (paid)	\$ 5,000
18 months after effective date (paid)	\$ 5,000
24 months after effective date	\$ 10,000
30 months after effective date	\$ 10,000
36 months after effective date	\$ 15,000
40 months after effective date	\$ 20,000
48 months after effective date and every 6 months after	\$ 20,000

When the aggregate NSR payments, including advance and productions payments exceed US\$5,000,000, the payable NSR will reduce from 1.5% to 0.75%.

During the year ended July 31, 2015, the Company decided not to pursue the Saddleback project and has consequently expensed all Saddleback related costs as general exploration expenditures.

On November 23, 2015, the Company issued 200,000 common shares in accordance with the Lost Cabins mineral property agreement.

#### 4. CAPITAL AND RESERVES

##### *Authorized Share Capital*

At January 31, 2017, the authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value.

During the quarter ended January 31, 2017, the Company received \$nil (2016 - \$24,100) in share subscription receivables, and received \$690,000 with the obligation to issue shares in connection with an on-going private placement announced January 17, 2017(see note 6).

On December 21, 2016, 16,129 common shares were returned to Treasury as provided for in the Plan of Arrangement between Canplats Resources and Goldcorp completed February 4, 2010. These shares were not claimed by the former shareholders of Canplats in that transaction.

##### *Basic and diluted loss per share*

The calculation of basic and diluted loss per share is based on the following:

	Three months ended January 31, 2017	Three months ended January 31, 2016	Six months ended January 31, 2017	Six months ended January 31, 2016
Loss attributable to common shareholders	\$ (66,663)	\$ (127,954)	\$ (130,930)	\$ (238,136)
Weighted average number of common shares outstanding for calculation of loss per share	24,529,009	24,429,009	24,529,009	24,354,009

##### *Share Option Plan*

The Company has a share option plan for its employees, directors, officers and consultants. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

During the six months ended January 31, 2017, the Company granted 925,000 (2016 – nil) stock options at an exercise price of \$0.20 (2016 - \$nil) to employees, directors and consultants for a life of 5 years and a vesting period of 1.5 years, with 25% vesting immediately, and 25% vesting every six months from the date of grant.

Continuity of share purchase options for the six months ended January 31, 2017 is as follows:

	Options Outstanding	Weighted Average Exercise Price \$
<b>At July 31, 2016</b>	1,597,000	0.25
Issued	925,000	0.20
Cancelled	(84,500)	0.29
Expired	(16,500)	1.80
<b>At January 31, 2017</b>	2,421,000	0.22

The total stock based compensation for the six month period ended January 31, 2017 is \$126,312 (2016 - \$88,536), of which \$20,458 (2016 - \$17,048) is capitalized to mineral interests and \$105,854 (2016 - \$71,488) is recognized in profit and loss.

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2017

Expressed in Canadian dollars

(unaudited)

**4. CAPITAL AND RESERVES (Cont'd)***Share Option Plan (Cont'd)*

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Changes in these assumptions may have a significant impact on the fair value calculation.

The following table summarizes information about stock options outstanding and exercisable at January 31, 2017:

Exercise Price	Option Outstanding	Weighted Average Remaining Life (years)	Expiry Dates (mm/dd/yyyy)	Options exercisable
\$				
0.20	925,000	1.76	9/7/2021	231,250
0.20	1,425,000	1.89	4/20/2020	1,425,000
0.70	44,000	0.03	11/26/2018	44,000
1.00	27,000	0.01	1/24/2018	27,000
<b>At January 31, 2017</b>	<b>2,421,000</b>	<b>3.70</b>		<b>1,727,250</b>

Continuity of share purchase warrants for the six months ended January 31, 2017 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
		\$
<b>At July 31, 2016</b>	4,002,500	0.25
Issued	-	-
Expired	(4,002,500)	0.25
<b>At January 31, 2017</b>	-	-

**5. RELATED PARTIES**

**Key management personnel compensation**

Compensation	Six months ended January 31,	
	2017	2016
	\$	\$
Management fees (i)	3,000	-
Share-based payments (ii)	92,319	61,093
	95,319	61,093

(i) Management fees are compensation paid to an officer of the Company.

(ii) Share-based payment is the fair value of options granted and vested.

Key management personnel include the Company's directors and officers.

**Loan Payable**

During the year ended July 31, 2016, the President of the Company entered into a loan agreement with the Company. Under the terms of the agreement, the President provided the Company with CDN\$500,000 as a demand loan with an annual interest rate of 3%. During the period ended January 31, 2017, \$7,562 (2016 - \$nil) in interest expenses was incurred. As at January 31, 2017, \$9,370 (2016 - \$nil), in interest has been accrued. On March 7, 2017, the Company entered into a debt settlement agreement with the President (see note 6).

**6. SUBSEQUENT EVENTS**

On February 15, 2017, the Company completed a non-brokered private placement for gross proceeds of \$2,100,000. The private placement consisted of 10,500,000 units at a price of \$0.20 per unit, each unit being comprised of one common share and one non-transferable share purchase warrant. The common shares, warrants, and any shares issued on the exercise of warrants are subject to a four month hold period expiring June 15, 2017. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.25 per common share until February 14, 2019. The Company paid \$94,700 in cash and issued 473,500 warrants to finders in respect of the placement, and are subject to the same terms and restrictions as the private placement units.

On March 2, 2017, the Company granted 700,000 incentive stock options to directors, officer, employees and consultants of the Company. The stock options are exercisable for a period of five years at an exercise price of \$0.31.

On March 7, 2017, the Company entered into a debt settlement agreement (the "Agreement") with the President and CEO of the Company, a creditor of the Company. Pursuant to the agreement, the Company has agreed to issue an aggregate of 1,500,000 common shares (the "Shares") at a deemed price of \$0.34 per share, and will be subject to a four month hold period. The amount of indebtedness settled by the Agreement is \$510,500, representing the principal loan of \$500,000, plus accrued interest of \$10,500 (see note 5). The Company has chosen to settle the debt with shares in order to preserve cash for operations, and is subject to the approval of the TSX Venture Exchange.