



## **FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS**

This report on results for the nine months ended May 31, 2017 contains forward-looking information including forward-looking information about Golden Peak Minerals Inc. (the "Company" or "Golden Peak")'s operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

## **GENERAL**

This Management's Discussion and Analysis (MD&A) of the financial condition, results of operations and cash flows of the Company for the nine months ended May 31, 2017 should be read in conjunction with the condensed interim financial statements as at May 31, 2017. This MD&A is effective July 27, 2017. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has prepared its condensed interim financial statements for the nine months ended May 31, 2017 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

## **DESCRIPTION OF BUSINESS**

Golden Peak Minerals Inc. (the "Company") is an exploration stage company incorporated pursuant to the British Columbia Business Corporations Act on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "GP" and on the OTCQB under the symbol "GPKMF". The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

On August 11, 2016, the Company consolidated its common shares on a one new share for ten old shares basis. All share and per share amounts have been revised to reflect the consolidation.

The Company is currently focusing its financial resources on conducting exploration programs. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.



**EXPLORATION AND EVALUATION ASSETS**

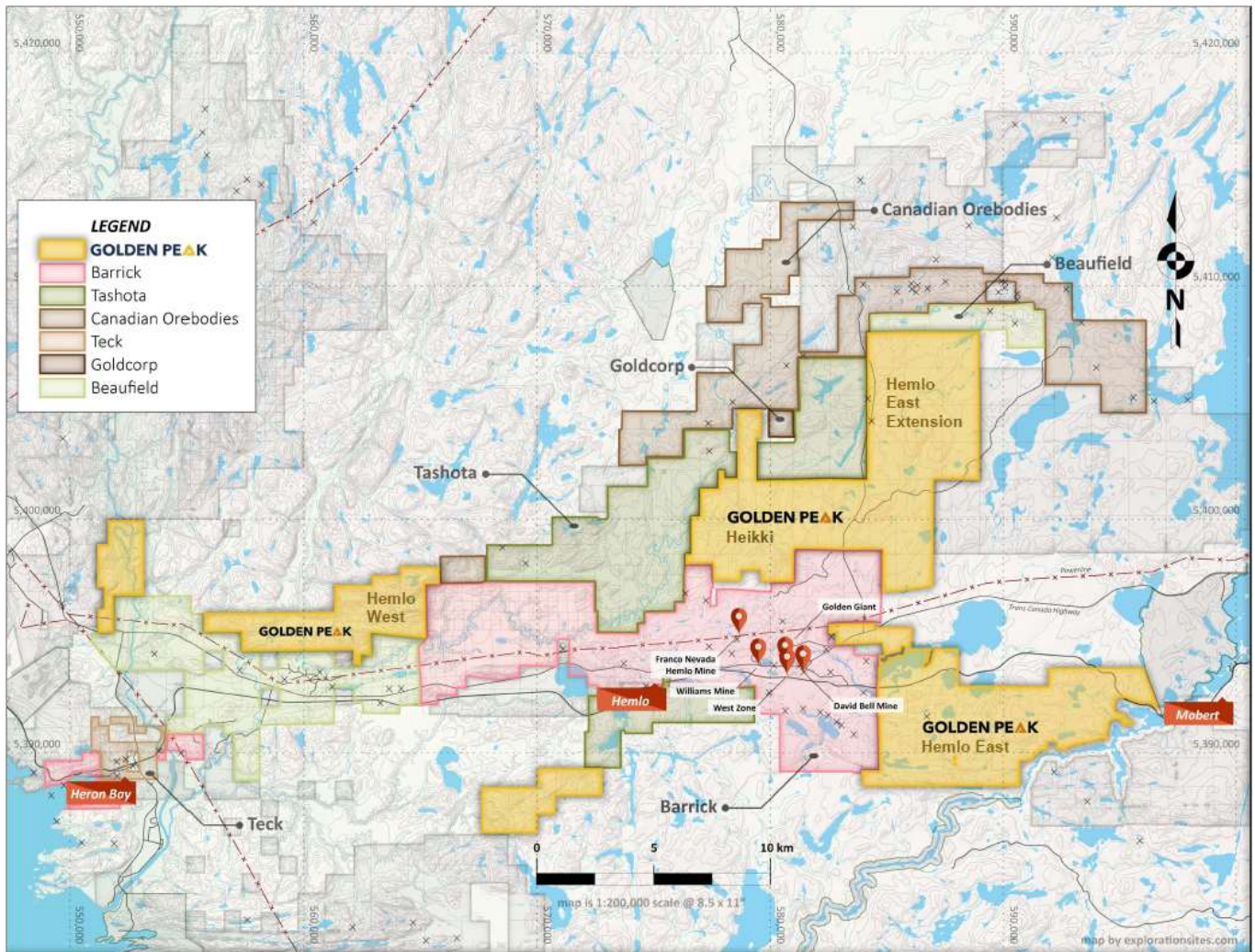
Total costs incurred on exploration and evaluation asset are summarized as follows:

	Hemlo Properties	Atikwa Lake Property	Maybrun Property	Grenfell Property	Lac Lapointe Property	Foubert Lake Property	Oyster Property	Columbia Shear Property	Total
<b>Acquisition Costs</b>									
<b>Balance, August 31, 2015</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,000	\$ -	\$ 39,250	\$ 194,250
Claim costs	-	1,209	-	-	-	-	-	-	1,209
Acquisition and option payments (shares)	-	60,000	-	-	92,750	-	60,000	-	212,750
Impairment	-	-	-	-	-	-	-	(39,250)	(39,250)
<b>Balance, August 31, 2016</b>	-	<b>61,209</b>	-	-	<b>92,750</b>	<b>155,000</b>	<b>60,000</b>	-	<b>368,959</b>
Acquisition and option payments (cash)	205,000	6,480	40,000	50,000	-	-	-	-	301,480
Acquisition and option payments (shares)	1,392,500	-	600,000	110,000	-	-	-	-	2,102,500
Claim costs	122	1,264	-	-	-	-	-	-	1,386
Impairment	-	-	-	-	-	-	(60,000)	-	(60,000)
<b>Balance, May 31, 2017</b>	<b>1,597,622</b>	<b>68,953</b>	<b>640,000</b>	<b>160,000</b>	<b>92,750</b>	<b>155,000</b>	-	-	<b>2,714,325</b>
<b>Deferred Exploration Expenditures</b>									
<b>Balance, August 31, 2015</b>	-	-	-	-	-	-	-	240,148	240,148
Geological	-	-	-	-	25,000	-	-	-	25,000
Impairment	-	-	-	-	-	-	-	(240,148)	(240,148)
<b>Balance, August 31, 2016</b>	-	-	-	-	<b>25,000</b>	-	-	-	<b>25,000</b>
Camp and other	431,411	64,723	-	80,173	-	-	-	-	576,307
Geological	248,710	85,480	-	10,500	149,148	-	-	-	493,838
Geophysics	92,038	-	-	-	-	-	-	-	92,038
<b>Balance, May 31, 2017</b>	<b>\$ 772,159</b>	<b>\$ 150,203</b>	<b>\$ -</b>	<b>\$ 90,673</b>	<b>\$ 174,148</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,187,183</b>
<b>Total Exploration and Evaluation Assets</b>									
<b>Balance, August 31, 2016</b>	\$ -	\$ 61,209	\$ -	\$ -	\$ 117,750	\$ 155,000	\$ 60,000	\$ -	\$ 393,959
<b>Balance, May 31, 2017</b>	<b>\$ 2,369,781</b>	<b>\$ 219,156</b>	<b>\$ 640,000</b>	<b>\$ 250,673</b>	<b>\$ 266,898</b>	<b>\$ 155,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,901,508</b>



## Hemlo Properties

The Hemlo Greenstone Belt (“HGB”) in northwestern Ontario is one of Canada’s youngest gold camps and it has produced over 22.0 million ounces of gold since the initial discovery in the early 1980’s. Golden Peak believes that the HGB is underexplored and therefore is a compelling exploration opportunity. The Company has been focused on assembling a large position in this highly prospective greenstone belt and plans to utilize modern exploration methods to evaluate the assembled properties.



## Heikki Property

On October 28, 2016, the Company entered into four option agreements to acquire the Esa, Kulta, Seija and Soturi properties, collectively the Heikki Property. The property is largely unexplored and regional scale geological mapping indicates favourable volcanic and metasedimentary rocks, similar to those hosting the known gold deposits.



Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 2,600,000 common shares of the Company (issued and valued at \$1,040,000) and making a cash payment of \$105,000 (paid) upon approval by the TSX-V;
- Issuing 3,100,000 common shares of the Company by November 17, 2017; and
- Issuing 1,750,000 common shares of the Company by November 17, 2018.

The vendors retain a 3% NSR on the property. The Company has the option to purchase 1% of the 3% NSR (one-third) at a price of \$500,000.

In Q3, 2017, the Company commissioned and completed a VTEM airborne survey of the Heikki Property. Final results are expected in Q4, 2017. The results are expected to assist in identifying prospective areas for follow up exploration.

#### Hemlo East

On January 27, 2017, the Company entered into an option agreement to acquire the Hemlo East Property. The property targets the eastern continuation of the volcanic and metasedimentary rocks hosting the past and current producing gold mines

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 750,000 common shares of the Company (issued and valued at \$352,500) and making a cash payment of \$100,000 (paid) upon approval by the TSX-V;
- Issuing 500,000 common shares of the Company and making a cash payment of \$100,000 by February 8, 2018;
- Issuing 500,000 common shares of the Company and making a cash payment of \$100,000 by February 8, 2019; and
- Issuing 500,000 common shares of the Company and making a cash payment of \$40,000 by February 8, 2020.

The Company must also incur exploration expenditures on the property as follows:

- \$600,000 on or before January 27, 2018;
- An additional \$600,000 on or before January 27, 2019; and
- An additional \$600,000 on or before January 27, 2020.

The vendors retain a 2.5% NSR on the property. The Company has the option to purchase 0.5% of the 2.5% NSR (one-fifth) at a price of \$1,000,000 USD.

#### Hemlo East Extension

On May 31, 2017, the Company entered into an agreement to acquire additional claims expanding the Hemlo East property.

Under the terms of agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 1,100,000 common shares of the Company upon approval by the TSX-V (issued subsequent to May 31, 2017 and valued at \$341,000); and



- Issuing 500,000 common shares of the Company and making a cash payment of \$250,000 by December 19, 2017.

The vendors retain a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

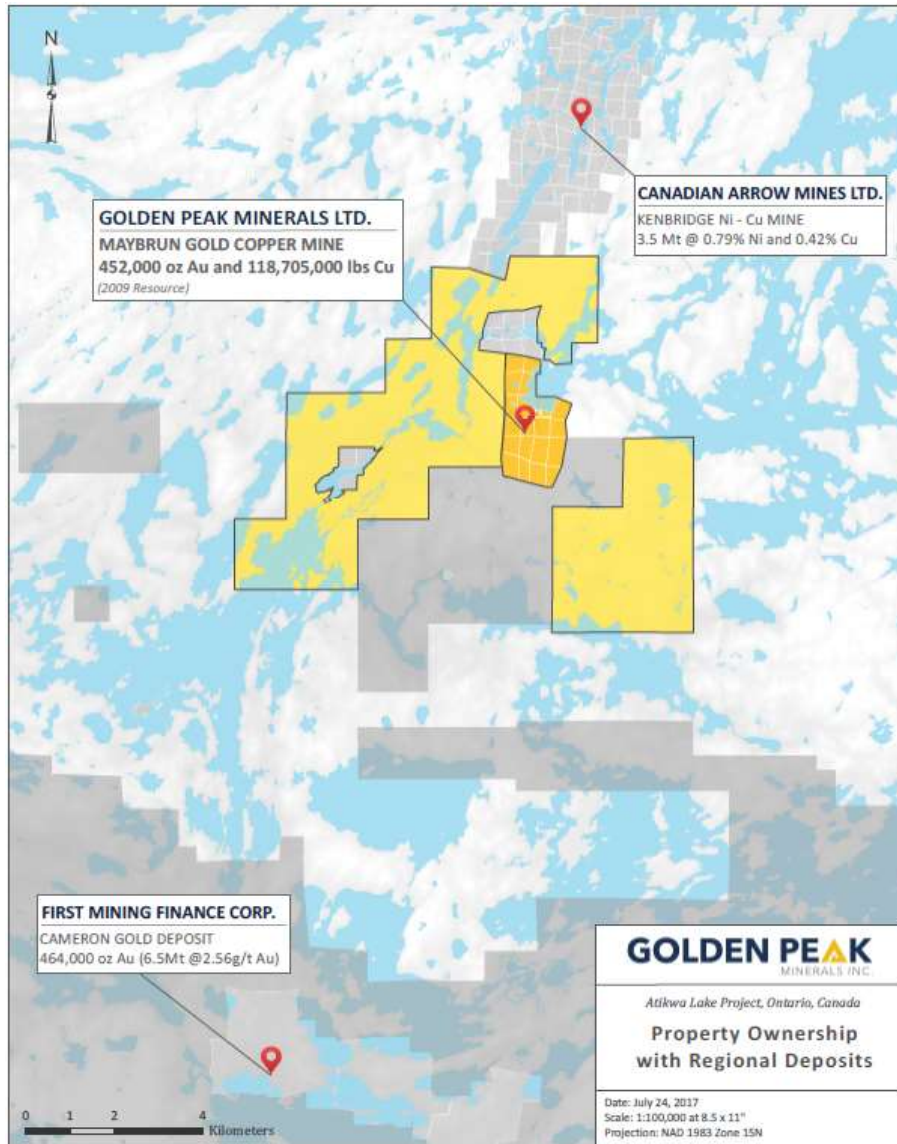
#### Hemlo West

On May 31, 2017, the Company entered into an agreement to acquire additional claims to the west of the past and current producing gold mines. The Hemlo West property is along strike to the west of the Barrick's Hemlo Operations and focuses on the northern half of the HGB.

Under the terms of agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 1,100,000 common shares of the Company upon approval by the TSX-V (issued subsequent to May 31, 2017 and valued at \$341,000); and
- Issuing 500,000 common shares of the Company and making a cash payment of \$250,000 by December 19, 2017.

The vendors retain a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.



### Atikwa Lake Property

The Atikwa Lake Property is located in northwestern Ontario in the Rainy River district, an emerging gold camp. The company has assembled a land position centered around the Maybrun Mine, a past producing gold-copper deposit.

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of \$60,000.

On June 19, 2017, the Company entered into an option agreement to acquire additional claims. Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:



- Issuing 25,000 common shares of the Company (issued and valued at \$7,000) and making a cash payment of \$10,000 (paid) upon approval by the TSX-V;
- Issuing 25,000 common shares of the Company and making a cash payment of \$25,000 by June 23, 2018;
- Issuing 50,000 common shares of the Company and making a cash payment of \$35,000 by June 23, 2019; and
- Issuing 85,000 common shares of the Company and making a cash payment of \$60,000 by June 23, 2020.

The Company must also incur exploration expenditures on the additional claims as follows:

- \$50,000 on or before June 19, 2018
- An additional \$75,000 on or before June 19, 2019; and
- An additional \$150,000 on or before June 19, 2020.

The vendors retain a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

### **Maybrun Property**

On April 7, 2017, the Company entered into an agreement to acquire a 100% interest in the Maybrun Property located in Ontario. As consideration, the Company issued 1,200,000 common shares of the Company at a value of \$600,000 and paid \$40,000 in cash.

The vendors retain a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

### **Grenfell Property**

On October 13, 2016, the Company entered into an option agreement to acquire the Grenfell Property located in Ontario.

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 250,000 common shares of the Company (issued and valued at \$110,000) and making a cash payment of \$50,000 (paid) upon approval by the TSX-V;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2017;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2018; and
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2019.

In the event of a minimum discovery of 1,000,000 ounces of gold or gold equivalent resource, the Company will pay a bonus of \$1,000,000 to the optionor upon completion of a National Instrument 43-101 compliant report.



The original vendor retains a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

### **Lac Lapointe Property**

On February 15, 2016, the Company entered into an option agreement to acquire a 100% undivided interest in 20 mineral claims located in Quebec. Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 132,500 common shares of the Company upon approval by the TSX-V (issued and valued at \$92,750);
- Cash payment of \$40,000 on or before August 15, 2017; and
- Cash payment of \$100,000 on or before February 15, 2019.

The vendor retains a 2% GORR on the property. The Company has the option to purchase 1% of the 2% GORR (one-half return) at a price of \$1,000,000.

### **Other Properties**

#### **Foubert Lake Property**

On June 26, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 11 mineral claims located in Quebec. As consideration, the Company paid a total of \$11,000 in cash and issued a total of 240,000 common shares of the Company at a value of \$144,000.

The vendor retains a 1% NSR on the property. The Company has the option to purchase the NSR at a price of \$500,000.

#### **Oyster Property**

On September 23, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 4 mineral claims located in Manitoba. As consideration, the Company issued 100,000 common shares of the Company at a value of \$60,000.

The vendor retained a 3% Gross Overriding Royalty Return (“GORR”) on the property. The Company had the option to purchase 1% of the 3% GORR (one-third) at a price of \$1,000,000.

During the nine months ended May 31, 2017, the Company decided not to explore the property and it was written to \$nil.

#### **Columbia Shear Group Property**

On May 9, 2011, and subsequently amended on September 17, 2012, the Company entered into an option agreement to acquire a 100% undivided interest in 22 mineral claims located in British Columbia. As consideration, the Company agreed to pay a total of \$75,000 in cash, issue 12,500 common shares of the Company and incur \$1,000,000 in exploration expenditures.





The Company agreed to pay the optionor a 3% Net Smelter Royalty ("NSR") on the property. The Company also had the option to purchase 2% of the 3% NSR (two-thirds) at a price of \$500,000 per percentage point at any time starting on the date that the property is put into commercial production. The purchase of the remaining 1% was negotiable after commercial production commences.

The Company issued the required common shares of the Company, but only completed \$25,000 of cash payments and did not meet the exploration expenditure requirements. During the year ended August 31, 2016, the Company relinquished its option on the Columbia Sheer Group Property and the property was written down to \$nil.

**Flow-through**

At May 31, 2017, the Company had a remaining commitment to incur exploration expenditures in relation to its December 2016 flow-through share financing of \$296,141.

**SELECTED ANNUAL INFORMATION**

	<b>August 31, 2016</b>	<b>August 31, 2015</b>	<b>August 31, 2014</b>
Revenue	\$ -	\$ -	\$ -
Net and comprehensive loss	(575,236)	(199,624)	(209,213)
Basic and diluted loss per share	(0.37)	(0.18)	(0.24)
Total assets	400,988	435,173	402,480
Long-term debt	-	-	-
Dividends	-	-	-

**SUMMARY OF QUARTERLY RESULTS**  
**(\$000's except earnings per share)**

For the Quarter Periods Ending on	May 31, 2017	February 28, 2017	November 30, 2016	August 31, 2016
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(574)	(81)	(308)	(425)
Basic and diluted loss per common share	(0.04)	(0.01)	(0.06)	(0.27)

For the Quarter Periods Ending on	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(33)	(81)	(36)	(25)
Basic and diluted loss per common share	(0.02)	(0.06)	(0.03)	(0.02)



## **OPERATIONS**

### Nine Months ended May 31, 2017

During the nine months ended May 31, 2017, the Company reported a net loss of \$963,234 (2016 - \$150,748). Variations in expenses from the nine months ended May 31, 2017 to the nine months ended May 31, 2016 were as follows:

- Consulting fees of \$294,481 (2016 - \$22,285) increased as the Company engaged consultants for 2017 in conjunction with the increase in Company activity;
- Management fees of \$101,750 (2016 - \$45,000) increased as the CFO began charging fees in 2017 and the CEO fees were higher;
- Office and general of \$13,625 (2016 - \$13,745) remained consistent year to year;
- Professional fees of \$4,729 (2016 - \$36,819) decreased due to the accounting services being provided by the CFO and included management fees, and less legal fees in 2017;
- Rent of \$13,525 (2016 - \$17,792) decreased as the Company did not incur rent expense for the first three months of fiscal 2017;
- Share-based payments of \$421,627 (2016 - \$nil) was the result of options granted in 2017;
- Shareholder communications and investor relations of \$90,105 (2016 - \$4,916) was the result of increased promotional activity for the Company in 2017;
- Transfer agent and filing fees of \$79,588 (2016 - \$10,191) increased due to more activity in 2017 as well as the costs of applying for a US exchange listing;
- Travel of \$8,687 (2016 - \$nil) related to increased promotional activity for 2017;
- Loss on settlement of accounts payable of \$107,333 (2016 - \$nil) is the result of the Company issuing shares and warrants to settle accounts payable and the timing creating a difference in the valuation of the securities issued;
- Impairment of exploration and evaluation assets of \$60,000 (2016 - \$nil) relates to the impairment of the Oyster property; and
- Other income of \$235,110 (2016 - \$nil) relates to the reduction of other liability (which reflects the premium paid by investors on the Company's 2016 flow-through share grant) upon completion of qualifying exploration expenditures by the Company.

### Three Months ended May 31, 2017

During the three months ended May 31, 2017, the Company reported a net loss of \$574,132 (2016 - \$33,117). Variations in expenses from the three months ended May 31, 2017 to the three months ended May 31, 2016 were as follows:

- Consulting fees of \$130,473 (2016 - \$nil) increased as the Company engaged consultants for 2017 in conjunction with the increase in Company activity, whereas the Company was mostly inactive for this quarter in 2016;
- Management fees of \$28,500 (2016 - \$15,000) increased as the CFO began charging fees in 2017 and the CEO fees were higher;
- Office and general of \$1,505 (2016 - \$3,349) decreased due to timing of expenditures;
- Professional fees of \$3,318 (2016 - \$2,181) increased due to timing of expenditures;
- Rent of \$6,725 (2016 - \$4,500) increased as the rate was higher in Q3 2017 than in Q3 2016;
- Share-based payments of \$409,077 (2016 - \$nil) was the result of options granted in 2017;



- Shareholder communications and investor relations of \$12,600 (2016 - \$1,099) was the result of increased promotional activity for the Company in 2017;
- Transfer agent and filing fees of \$9,937 (2016 - \$3,988) increased due to more activity requiring filings in 2017;
- Impairment of exploration and evaluation assets of \$60,000 (2016 - \$nil) relates to the impairment of the Oyster property; and
- Other income of \$88,990 (2016 - \$nil) relates to the reduction of other liability (which reflects the premium paid by investors on the Company's 2016 flow-through share grant) upon completion of qualifying exploration expenditures by the Company.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash at May 31, 2017 was \$379,929, compared to \$170 at August 31, 2016. The working capital was \$332,299 (August 31, 2016 – deficiency of \$271,973).

To address working capital for fiscal 2017, the Company raised gross proceeds of \$2,511,498 through private placements, received \$87,500 on the exercise of warrants and \$7,600 on the exercise of stock options, and settled accounts payable and accrued liabilities of \$50,300 by issuing 9,259 common shares and 177,037 units. Subsequent to May 31, 2017, the Company received \$12,500 on the exercise of 62,500 warrants.

The Company will need to raise additional financing in order to meet general working capital requirements for the 2017 fiscal year and to continue exploration of its mineral properties.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

### **TRANSACTIONS WITH RELATED PARTIES**

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	<b>Nine Months Ended May 31, 2017</b>	<b>Nine Months Ended May 31, 2016</b>
Management fees	\$ 101,750	\$ 30,000
Geological	\$ 14,583	\$ -
Share-based compensation	\$ 94,402	\$ -

Key management includes directors and officers of the Company, including the Chief Executive Officer and Chief Financial Officer.



During the nine months ended May 31, 2017, the Company paid \$47,500 for consulting fees to companies controlled by directors (2016 - \$nil), \$nil (2016 - \$4,800) for professional fees to a company controlled by a director and \$nil (2016 - \$6,750) in rent to companies controlled by directors.

As at May 31, 2017, included in accounts payable and accrued liabilities is \$nil (August 31, 2016 - \$126,789) due to directors and officers of the Company and companies controlled by directors of the Company and \$41,876 (August 31, 2016 - \$nil) due to a company in which an officer of the Company is an officer and director for shared administrative costs. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

## **COMMITMENTS**

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its exploration and evaluation assets, including obligations arising from the issuance of flow-through common shares.

At May 31, 2017, the Company had a remaining commitment to incur exploration expenditures in relation to its December 2016 flow-through share financing of \$296,141.

## **NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

### **Accounting standards effective January 1, 2018**

**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. The standard is effective for annual periods beginning on or after January 1, 2018.

**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. The Standard is effective for accounting periods beginning on or after January 1, 2018.



The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

## **CRITICAL ACCOUNTING POLICIES**

### *Critical judgments in applying accounting policies*

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

#### Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

#### Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

#### Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.



### Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

### *Key sources of estimation uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

### Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at May 31, 2017, the Company has no known rehabilitation requirements and accordingly, no provision has been made.

### Valuation of flow-through premium

The determination of the valuation of flow-through premium and warrants in equity units is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. In the case that the Company did not issue non-flow-through shares together with the flow-through shares, the market value of shares without the flow-through feature will be determined using their closing quoted bid price.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments include cash, receivables and accounts payable. Cash is classified as FVTPL. Receivables is classified as loans and receivables. Accounts payable is classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods to maturity of these instruments.



### **Financial risk management objectives and policies**

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major Canadian financial institution.

#### Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at May 31, 2017, the Company had cash of \$379,929 (August 31, 2016 - \$170) to settle accounts payable and accrued liabilities of \$140,885 (August 31, 2016 - \$279,002) which fall due for payment within twelve months of the statement of financial position date. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- i) Currency risk* - The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary assets or liabilities.
- ii) Interest rate risk* - The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.
- iii) Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.



## **SHARE CAPITAL**

As at July 27, 2017, the Company had the following securities issued and outstanding:

	July 27, 2017	May 31, 2017	August 31, 2016
Common Shares	17,855,453	15,567,953	1,916,501
Warrants	4,188,565	4,251,065	258,001
Stock Options	1,389,000	1,414,000	16,000
Fully Diluted Shares	23,433,018	21,233,018	2,190,502

## **BOARD OF DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors of the Company are as follows:

Wesley Hanson, CEO and Director  
Peter A. Ball, Director  
Dominic Verdejo, Director