GREAT BEAR RESOURCES LTD.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2017

(Unaudited – Expressed in Canadian Dollars)

GREAT BEAR RESOURCES LTD.

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June 30, 2017

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

The attached condensed interim consolidated financial statements for the six months ended June 30, 2017 have not been reviewed by the Company's auditors.

GREAT BEAR RESOURCES LTD.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	**$ 417,413**	$ 765,976
Investments in equity instruments (note 3)	**421**	8,958
Receivables (note 4)	**9,425**	26,561
Prepaid expenses	**83,672**	81,698
Total current assets	**510,931**	883,193
Exploration and evaluation assets (note 5)	**1,211,860**	1,055,346
Total assets	**$ 1,722,791**	$ 1,938,539
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**$ 455,394**	$ 475,570
EQUITY		
Share capital (note 7)	**15,040,001**	15,021,501
Equity reserves	**4,423,886**	4,423,886
Accumulated other comprehensive income	**27,463**	36,000
Deficit	**(18,223,953)**	(18,018,418)
Total equity	**1,267,397**	1,462,969
Total liabilities and equity	**$ 1,722,791**	$ 1,938,539

Nature and Continuance of Operations (note 1)
Commitments (note 5 and 10)
Subsequent events (note 14)

Approved and authorized for issue by the Board of Directors on August 16, 2017

"Doug Ramshaw" Director

"David Terry" Director

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Expenses:				
Asset usage	**$ -**	$ 185	**$ -**	$ 737
Consulting fees	**37,000**	10,000	**70,000**	14,264
Director Fees	**6,000**	-	**6,000**	-
Impairment of exploration and evaluation assets	**-**	69,172	**-**	69,172
Management fees (note 8)	**11,250**	22,500	**22,500**	47,196
Office and administration	**6,768**	8,315	**12,750**	17,465
Professional fees	**18,211**	6,250	**24,461**	12,500
Property investigation	**2,950**	-	**2,950**	5,000
Rent	**4,992**	3,841	**9,984**	10,209
Transfer agent and filing fees	**5,149**	13,298	**12,336**	18,481
Travel, promotion and shareholder information	**21,749**	1,528	**45,753**	1,676
Total expenses	**114,069**	135,089	**206,734**	196,700
Other income				
Interest income	**48**	**-**	**48**	-
Other income	**-**	75	**1,151**	75
Total other income	**48**	75	**1,199**	75
Net loss for the period	**$ (114,021)**	$ (135,014)	**$ (205,535)**	$ (196,625)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.03)	**$ (0.02)**	$ (0.05)
Weighted average number of common shares outstanding	**12,288,372**	4,389,000	**12,241,927**	4,368,560
Net loss for the period	**$ (114,021)**	$ (135,014)	**$ (205,535)**	$ (196,625)
Change in unrealized gains on investment in equity instruments				
Increase (decrease) in fair value during the period (note 3)	**(9,447)**	3,948	**(8,537)**	3,948
Net comprehensive loss for the period	**$ (123,468)**	$ (131,066)	**$ (214,072)**	$ (192,677)

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Changes in Equity

	Share Capital					
	Number of Shares	*Amount*	*Contributed Surplus*	*Accumulated Other Comprehensive Income*	*Deficit*	*Total*
Balance at December 31, 2015	**4,329,000**	**$ 14,110,162**	**$ 3,766,326**	**$ 30,789**	**$ (17,354,630)**	**$ 552,647**
Shares issued for resource properties, net of share issue costs	60,000	10,000	-	-	-	10,000
Shares issued in private placements, net of share issue costs	7,805,966	901,339	433,839	-	-	1,335,178
Share-based compensation	-	-	223,721	-	-	223,721
Increase in investment in equity instruments during the year	-	-	-	5,211	-	5,211
Loss for the year	-	-	-	-	(663,788)	(663,788)
Balance at December 31, 2016	**12,194,966**	**$ 15,021,501**	**$ 4,423,886**	**$ 36,000**	**$ (18,018,418)**	**$ 1,462,969**
Increase in investment in equity instruments during the period	-	-	-	(8,537)	-	(8,537)
Shares issued for resource properties	100,000	18,500	-	-	-	18,500
Loss for the period	-	-	-	-	(205,535)	(205,535)
Balance at June 30, 2017	**12,294,966**	**$ 15,040,001**	**$ 4,423,886**	**$ 27,463**	**$ (18,223,953)**	**$ 1,267,397**

Share consolidation 5:1 (note 1)

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Cash Flows

		Six months ended June 30,		
		2017		2016
Cash flows from operating activities				
Loss for the period	**$**	**(205,535)**	$	(196,625)
Items not involving cash:				
Other income		**(1,151)**		-
Impairment of exploration and evaluation assets		**-**		69,172
Changes in non-cash working capital items:				
Receivables		**19,662**		(4,409)
Government remittances		**(2,526)**		(760)
Prepaid		**(1,974)**		(9,324)
Accounts payable and accrued liabilities		**(10,214)**		73,483
Net cash used in operating activities		**(201,738)**		(68,463)
Cash flows used in investing activities				
Mineral properties and exploration advances		**(146,825)**		(6,050)
Net cash used in investing activities		**(146,825)**		(6,050)
Cash flows from financing activities				
Share subscriptions received in advance		**-**		163,100
Net cash from financing activities		**-**		163,100
Changes in cash during the period		**(348,563)**		88,587
Cash, beginning of period		**765,976**		75,619
Cash, end of period	**$**	**417,413**	$	164,206

Supplemental disclosure with respect to Cash Flows (note 9)

1. NATURE AND CONTINUANCE OF OPERATIONS

Great Bear Resources Ltd. (the "Company") was incorporated under the Company Act (British Columbia) on December 6, 2001. On January 22, 2010, the Company changed its name from Great Bear Uranium Corp. to Great Bear Resources Ltd. On June 1, 2016, the Company retrospectively consolidated its share capital on the basis of one post consolidated common share for every five pre-consolidated common shares held. The Company's registered office and its principal place of business is located at 1020 - 800 West Pender Street, Vancouver, BC, Canada V6C 2V6.

The Company is a mineral exploration company with interests in mineral properties in British Columbia and Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX.V") under the trading symbol "GBR".

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts capitalized for the resource properties and related deferred exploration costs 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 properties and upon future profitable production or proceeds from the disposition thereof. Changes in future conditions could require material write-downs of the carrying values of resource properties.

2. BASIS OF PREPARATION

Statement of Compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 *Interim Financial Reporting.*

The condensed interim consolidated financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements.* The Company has elected to present the 'Statement of Comprehensive Loss' as a single statement, 'Consolidated Statement of Loss and Comprehensive Loss.'

The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the Company's recent audited Financial Statements for the year ended December 31, 2016. These condensed interim consolidated financial statements for the six months ended June 30, 2017 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements of the Company for the six months ended June 30, 2017 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 16, 2017.

Going Concern of Operations

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions that would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

2. BASIS OF PREPARATION *(continued)*

Going Concern of Operations *(continued)*

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the properties. To date, the Company has not earned any revenues.

3. INVESTMENT IN EQUITY INSTRUMENTS

Available-for-sale investment consists of an investment in common shares of publicly traded companies, and therefore has no fixed maturity date or coupon rate. The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. During the six months ended June 30, 2017 the fair value of the investment decreased by $8,537 (2016 – increased by $3,948).

4. RECEIVABLES

Receivables as at June 30, 2017 consist of a GST receivable balance from the Federal Government of Canada in the amount of $9,425 (December 31, 2016 - $26,561).

5. EXPLORATION AND EVALUATION ASSETS

	BA Property	Surprise Creek Property	Lac Pau Property	Dixie Lake Property	West Madsen Property	**Total**
Balance, December 31, 2015	$ 402,622	$ 347,378	$ 61,172	$ 20,000	$ -	**$ 831,172**
Additions:						
Acquisition	-	-	8,000	23,800	12,000	**43,800**
Exploration	241,440	-	-	7,606	500	**249,546**
Less:						
Write-off	-	-	(69,172)	-	-	**(69,172)**
Balance, December 31, 2016	$ 644,062	$ 347,378	$ -	$ 51,406	$ 12,500	**$ 1,055,346**
Additions:						
Acquisition	5,488	750	-	-	18,500	**24,738**
Exploration	40,321	-	-	90,305	1,150	**131,777**
Balance, June 30, 2017	$ 689,871	$ 348,128	$ -	$ 141,711	$ 32,150	**$ 1,211,860**

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

a) BA Property

By agreement dated January 28, 2010, the Company entered into an Option and Joint Venture Agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") to acquire up to a 70% interest in the BA Property and George Copper claims Property located in the Skeena Mining Division, Province of British Columbia. A positive feasibility study needed to be completed before the joint venture agreement can be entered into. The Company paid a finders' fee with the issuance of 55,000 common shares.

On October 25, 2010, the Company entered into an Amending Agreement to the Option and Joint Venture Agreement relating to the BA Property.

Under the amendment the Company could deliver, on or before December 31, 2013, written notice of their intention to fund the preparation of a feasibility study in respect of the property (not delivered); and could fund the preparation of a feasibility study on or before December 31, 2015 (previously 2013). In consideration of the above amendment the Company:

- included the Surprise Creek Property under the terms of the Joint Venture Agreement and acquisition costs for the Surprise Creek Property were borne entirely by the Company, and were applied against its earn-in requirement towards the BA Property; and

- any expenditures in excess of the exploration expenses contemplated in the original Option and Joint Venture Agreement but incurred prior to the Company electing to exercise the additional option, will be solely for account of the Company.

The Company earned an initial 50% interest in the BA Property by paying $158,000 and by incurring $5.5 million in exploration expenditures before December 31, 2013.

During the year ended December 31, 2014 management assessed the carrying value of the BA property, which had been impaired due to a prolonged decrease in the price of commodities including metals. Consequently, the Company recorded an impairment charge of $4,645,093 related to the BA property.

In October 2016, the Company amended its Joint Venture Agreement with Mountain Boy. Separate Joint Venture agreements were signed for the BA and Surprise Creek properties, and annual minimum work programs of $250,000 are required on each project, to be paid for on a pro rata basis as per each company's ownership percentage, which at the time of signing was 50% in each property.

On June 2, 2017, the Company announced that it has granted an option to Mountain Boy to acquire the Company's 50% interest in and to each of the BA Property and Surprise Creek Property. Under the option agreement, Mountain Boy will pay:

- $1.3 million in stages between August 20, 2017 and August 20, 2020, including $300,000 in 2017;
- Issue the Company a total of 10 million shares in stages between the date of TSX.V acceptance and April 15, 2020;
- $200,000 upon completion of a NI 43-101 compliant Mineral Resource at the Surprise Creek Property;
- $200,000 upon completion of a Pre-Feasibility Study on the Surprise Creek Property;
- $800,000 upon commencement of construction of a mine to extract ore from the Surprise Creek Property;
- $400,000 upon completion of a NI 43-101 compliant Mineral Resource at the BA Property;
- $500,000 upon completion of a Pre-feasibility study on the BA Property;
- $1,600,000 upon commencement of construction of a mine to extract ore from the BA Property.

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

a) BA Property *(continued)*

The Company will retain a Right of First Refusal on the sale of both the Surprise Creek and BA properties, should Mountain Boy enter into sale agreement on either project in whole or in part with a third party.

The Joint Venture Agreement will be suspended during the period of the option, and if Mountain Boy elects not exercise an option or fails to make any payments or share issuances to the Company in respect of either optioned property, the joint venture between the Company and Mountain Boy will resume in respect of that property at 50% interest owned by each company.

The option is subject to TSX.V approval.

b) Surprise Creek Property

The Company owns 50% of the Surprise Creek Property subject to a 1% NSR, which may be purchased by the Company. Surprise Creek Property is located in the Skeena Mining Division in the province of British Columbia, and is comprised of 19 mineral claims totaling 7,472 hectares.

During the year ended December 31, 2014 management assessed the carrying value of the Surprise Creek property, which had been impaired due to a prolonged decrease in the price of commodities including metals. Consequently, the Company recorded an impairment charge of $214,540 related to the Surprise Creek property.

In October 2016, the Company amended its Joint Venture Agreement with Mountain Boy (note 5a).

On June 2, 2017, the Company announced that it has granted an option to Mountain Boy to acquire the Company's 50% interest in and to each of the BA Property and Surprise Creek Property (note 5a).

c) Dixie Lake Property

On November 20, 2015 the Company entered into an agreement to acquire the Dixie Lake mining claims in Ontario consisting of a 67% interest in 45 mining claims and a 100% interest in 4 newly staked mining claims. In order to acquire the interest the Company must make the following cash payments and share issuances:

- $4,000 to be paid by November 2, 2015 (paid);
- $16,000 to be paid within 7 days of executing the acquisition agreement (paid);
- 20,000 shares to be issued within 30 days of the execution date of the acquisition agreement (issued);
- $20,000 to be paid on the first anniversary of executing the acquisition agreement (paid);
- $20,000 to be paid on the second anniversary of executing the acquisition agreement;
- $30,000 to be paid on the third anniversary of executing the acquisition agreement; and
- $40,000 to be paid on the fourth anniversary of executing the acquisition agreement.

On July 17, 2017, the Company announced that it has entered into a purchase agreement to acquire the remaining 33% ownership interest (note 14b).

d) West Madsen Property

In November 2016, the Company signed a Purchase Agreement to acquire 100% ownership of the West Madsen gold project in the Red Lake Gold District of Ontario, whereby the Company must pay $70,000 cash ($12,000 paid) and issue 100,000 shares (issued) over four years. The property is subject to a 1.5% NSR, half of which can be bought for $500,000.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

		June 30, 2017		December 31, 2016
Accounts payable to third parties	**$**	**146,561**	$	135,671
Accrued liabilities to third parties		**284,321**		297,174
Accounts payable to related parties (note 8)		**21,387**		39,600
Accrued liability to related parties (note 8)		**3,125**		3,125
	$	**455,394**	$	475,570

Included in accrued liabilities is an amount of $271,022 which has been outstanding for over six years. Management has disputed this balance owing and does not believe the Company is required to pay this amount.

The Company will continue to review current statutes and is seeking legal advice to determine when the amount can be de-recognized from the financial statements.

7. SHARE CAPITAL

On June 1, 2016, the common shares of the Company were consolidated such that one new common share was issued for every five common shares outstanding. After giving effect to the share consolidation, the issued capital of the Company as at December 31, 2016 was 12,194,966 common shares. Accordingly the Company has effected the share consolidation in these consolidated financial statements as if it happened at the beginning of the periods reported, and disclosed all share capital, stock option and warrant information retrospectively, all on a post consolidated basis.

a) Authorized

Share capital consists of an unlimited number of common shares without par value.

b) Issued

<u>Six months ended June 30, 2017</u>

On April 7, 2017, the Company issued 100,000 common shares at a deemed price of $0.185 per share for a resource property (note 5d).

<u>Year ended December 31, 2016</u>

On February 16, 2016, the Company issued 20,000 common shares at a deemed price of $0.10 per share for a resource property. On March 11, 2016, the Company issued 40,000 common shares at a deemed price of $0.20 per share for a resource property.

On July 18, 2016, the Company completed a non-brokered private placement and issued a total of 3,005,966 units at a price of $0.15 per unit for gross proceeds of $450,895. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.20 for a three-year period. The share purchase warrants will be subject to acceleration at the Company’s discretion in the event the Company’s common shares trade on a volume–weighted average price basis of $0.30 per share for a period of 10 consecutive trading days.

On September 16, 2016, the Company completed a non-brokered private placement and issued a total of 4,800,000 units at a price of $0.20 per unit for gross proceeds of $960,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at $0.27 for a two-year period. The share purchase warrants will be subject to acceleration at the Company’s discretion in the event the Company’s common shares trade on a volume-weighted average price basis of $0.40 per share for a period of 10 consecutive trading days.

7. SHARE CAPITAL *(continued)*

c) Share purchase warrants

Warrant transactions are summarized as follows:

	June 30, 2017			*December 31,2016*		
	Number of warrants	***Weighted Average Exercise Price***		*Number of warrants*	*Weighted Average Exercise Price*	
Balance, beginning of period	**8,681,866**	**$**	**0.27**	875,900	$	0.47
Granted	**-**		**-**	7,805,966		0.24
Expired	**-**		**-**	-		-
Balance, end of period	**8,681,866**	**$**	**0.27**	8,681,866	$	0.27

As at June 30, 2017, the following warrants were outstanding and exercisable:

Warrants Outstanding	Warrants Exercisable	Exercise price		Weighted Average Remaining Life (in years)	Expiry date
600,000	600,000	$	0.50	1.24	September 25, 2018
275,900	275,900	$	0.40	0.19	September 8, 2017[1]
3,005,966	3,005,966	$	0.20	2.05	July 18, 2019
4,800,000	4,800,000	$	0.27	1.21	September 16, 2018
8,681,866	**8,681,866**			**1.47**	

[1]On August 23, 2017, the Company announced the extension of the expiry of 252,500 warrants from September 8, 2017 to September 8, 2018 subject to TSX Venture Exchange approval (note 14d).

d) Stock options

The Company has adopted an incentive stock option plan (the "Option Plan") dated September 30, 2010 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

No stock options were granted during the six months ended June 30, 2017 and 2016.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility which was estimated based on historical volatility of the Company's publicly traded shares. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

	June 30, 2017			*December 31, 2016*		
	Number of shares	***Weighted Average Exercise Price***		*Number of shares*	*Weighted Average Exercise Price*	
Balance, beginning of year	**1,218,000**	**$**	**0.33**	224,200	$	0.96
Granted	**-**		**-**	1,040,000		0.23
Cancelled	**-**		**-**	(46,200)		1.14
Balance, end of year	**1,218,000**	**$**	**0.33**	1,218,000	$	0.33

7. SHARE CAPITAL *(continued)*

d) Stock options *(continued)*

As at June 30, 2017, the following stock options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
17,000	17,000	$ 2.50	0.05	July 17, 2017[1]
145,000	145,000	$ 0.75	1.24	September 25, 2018
16,000	16,000	$ 0.75	1.72	March 18, 2019
1,000,000	1,000,000	$ 0.23	4.18	September 1, 2021
40,000	40,000	$ 0.24	4.27	October 5, 2021
1,218,000	**1,218,000**		**3.74**	

[1]On July 17, 2017, these options expired unexercised.

8. RELATED PARTY TRANSACTIONS

Amounts paid and accrued to directors, officers and companies in which directors and officers are shareholders and employees during the period then ended are as follows:

	June 30, 2017	June 30, 2016
Management and consulting fees	**$ 32,500**	$ 47,196
Property investigation	**2,950**	5,000
Geological fees capitalized to resource properties	**52,350**	4,250
Director fees	**6,000**	-
	$ 93,800	$ 56,446

As at June 30, 2017, $24,512 (December 31, 2016 - $42,725) is payable to various officers and directors of the Company.

During the six months ended June 30, 2017, the Company paid $16,080 (2016 - $Nil) to a company controlled by an officer of the Company for rent and office expenses reimbursement.

9. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash transactions are as follows:

	June 30, 2017	June 30, 2016
Shares issued for acquisition of exploration and evaluation assets, net of share issue costs	**$ 18,500**	$ 10,000

10. COMMITMENTS

During the year ended December 31, 2014, the Company signed a lease agreement, and then sublet the premises effective July 1, 2016 to the end of the lease term, February 29, 2020.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash are available on demand for the Company's programs, and are not invested in any asset backed commercial paper.

b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

As at June 30, 2017, the Company’s receivables consist of $9,425 (December 31, 2016 - $26,561) from Canada Revenue Agency. Receivables from third parties and related parties are periodically reviewed by management. Currently, there is no indication that the above amounts are not collectible.

c) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

d) Price Risk

Investments in equity instruments, classified as at fair available-for-sale financial assets, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at June 30, 2017 would have increased investments in equity instruments by $63. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

e) Fair Value Hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy 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 fair value of cash and investments in equity instruments is measured based on level 1 of the fair value hierarchy.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

e) Fair Value Hierarchy *(continued)*

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

	Classification (1)	Fair Value Hierarchy	June 30, 2017 Fair Value	December 31, 2016 Fair Value
Financial Assets:				
Cash	FVTPL	1	$ 417,413	$ 765,976
Investments in equity instruments	AFS	1	421	8,958

(1) FVTPL = Financial asset at fair value through profit or loss; LR = Loans and receivables; AFS = Available-for-sale; OL = Other liabilities

There were no transfers between Level 1, 2 and 3 in the period.

The estimated fair value of financial instruments approximates their carrying values due to the short-term nature of these instruments.

12. CAPITAL DISCLOSURES

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at June 30, 2017, the Company is not subject to externally imposed capital requirements.

13. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining exploration operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's resource properties are located in British Columbia and Ontario, Canada.

14. SUBSEQUENT EVENTS

a) Subsequent to June 30, 2017, 242,999 warrants were exercised for gross proceeds of $48,600.

b) On July 17, 2017, the Company announced that it has entered into a Purchase Agreement (the "Agreement") with Newmont Canada Holdings, ULC ("Newmont"), a subsidiary of Newmont Mining Corporation (NYSE: NEM) to acquire Newmont's 33% interest in the Dixie Lake project, located in the Red Lake district of Ontario.

Under the terms of the Agreement, the Company must pay $80,000 ($20,000 paid) over four years to purchase all of Newmont's 33% interest in the project. The purchase can be accelerated at any time at the Company's discretion. The Agreement is subject to TSX.V approval.

14. SUBSEQUENT EVENTS *(continued)*

c) On August 4, 2017, the Company completed a non-brokered private placement and issued a total of 1,680,000 units at a price of $0.25 per unit for gross proceeds of $420,000. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.35 for a two-year period. The share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume–weighted average price basis of $0.45 per share for a period of 10 consecutive trading days.

d) On August 23, 2017, the Company announced that it has extended the expiry date of 252,500 warrants exercisable at $0.40 from September 8, 2017 to September 8, 2018 subject to TSX Venture Exchange approval.