ALTO VENTURES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2016 and 2015
(Unaudited – Prepared by Management)

Canadian Funds

Alto Ventures Ltd.

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

Canadian Funds

(Unaudited - Prepared by Management)

As at	Note	December 30, 2016 $	June 30, 2016 $
ASSETS			
Current assets			
Cash		464,905	117,550
Receivables	4	2,916	2,440
Marketable securities	7	117,676	62,081
Prepaids and deposits		10,749	749
		596,246	182,820
Non-current assets			
Exploration and evaluation assets	8	2,239,281	2,232,454
		2,835,527	2,415,274
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	18,929	17,444
Loan payable	6	20,000	20,000
Due to related parties	10	126,576	38,651
		165,505	76,095
SHAREHOLDERS' EQUITY			
Share capital	9	20,362,084	19,970,716
Contributed surplus - options		1,429,894	1,429,894
Contributed surplus - warrants		1,057,707	1,016,625
Accumulated other comprehensive loss		55,595	-
Deficit		(20,235,258)	(20,078,057)
		2,670,021	2,339,178
		2,835,527	2,415,274

Going concern and nature of operations (Note 1)
Subsequent events (Note 12)

Approved and authorized by the Board of Directors on February 20, 2016:

"Richard Mazur", Director *"Gary Zak"*, Director

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Condensed Interim Statements of Operations and Comprehensive Loss

Canadian Funds

(Unaudited - Prepared by Management)

		For the three months ended December 31,		For the six months ended December 31,	
		2016	**2015**	**2016**	**2015**
	Note	**$**	**$**	**$**	**$**
General and administrative expenses					
Exploration and evaluation expenditures	8	31,631	16,216	76,038	80,656
Interest expense		403	403	839	403
Investor and shareholder relations		1,381	2,000	1,743	10,140
Legal, accounting and audit fees		8,941	19,550	16,347	36,506
Office administration		4,322	14,191	7,034	21,881
Salaries and wages		24,740	26,907	45,442	40,718
Share-based compensation	9	-	4,934	-	5,084
Transfer agent and filing fees		7,237	1,537	7,772	2,812
Travel and promotion		-	-	1,987	618
Loss for the period		**78,655**	**85,738**	**157,201**	**198,818**
Unrealized loss (gain) on available for sale securities		35,756	13,936	(55,595)	14,275
Comprehensive (gain) loss for the period		**114,411**	**99,674**	**101,608**	**213,093**
Loss per share - Basic and diluted		0.00	-	$0.01	$0.01
		(#)	**(#)**		
Weighted Average Number of Common Shares Outstanding		34,416,214	24,116,214	25,217,301	24,116,214

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Canadian Funds

(Unaudited - Prepared by Management)

	For the six months ended December 31,	
	2016	2015
	$	$
Cash resources provided by (used in)		
Operating activities		
Loss for the year	(157,201)	(198,815)
Items not affecting cash:		
Share-based compensation	-	5,084
Changes in non-cash working capital		
Decrease in accounts receivables	(476)	2,786
Increase (decrease) in amounts due to related parties	87,924	50,012
Decrease in prepaids and deposits	(10,000)	-
Decrease in accounts payable and accrued liabilities	1,485	(20,066)
Cash used in operating activities	**(78,268)**	**(160,999)**
Investing activities		
Acquisition of exploration and evaluation assets	(6,826)	-
Cash (used in) provided by investing activities	**(6,826)**	**-**
Financing activities		
Loan	-	20,000
Proceeds from private placements	465,000	-
Share issuance costs	(32,550)	-
Cash provided by financing activities	**432,450**	**20,000**
Net (decrease) increase in cash	347,356	(140,999)
Cash - Beginning of year	117,550	198,456
Cash - End of period	**464,905**	**57,457**
Supplementary Disclosure		
Fair value (gain) loss on marketable securities	35,756	14,275
Fair value of warrants issued from private placement	(41,082)	-
Paid for tax or interest	-	-

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Condensed Interim Statements of Shareholders' Equity

Canadian Funds

(Unaudited - Prepared by Management)

	Share Capital		Contributed Surplus -	Contributed Surplus -	Accumulated Other Comprehensive		
	Number (#)	Amount ($)	Options ($)	Warrants ($)	Loss ($)	Deficit ($)	Total ($)
June 30, 2015	**24,116,214**	**19,950,716**	**1,424,810**	**1,016,625**	**(1,512,547)**	**(18,223,950)**	**2,655,654**
Share-based compensation	-	-	5,084	-	-	-	5,084
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	(14,275)	-	(14,275)
Loss for the period	-	-	-	-	-	(198,815)	(198,815)
December 31, 2015	**24,116,214**	**19,950,716**	**1,429,894**	**1,016,625**	**(1,526,822)**	**(18,422,765)**	**2,447,647**
Shares issued for exploration and evaluation assets	1,000,000	20,000	-	-	-	-	20,000
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	11,450	-	11,450
Permanent impairment recognized in prior years	-	-	-	-	1,515,372	-	1,515,372
Loss for the period	-	-	-	-	-	(1,655,292)	(1,655,292)
June 30, 2016	**25,116,214**	**19,970,716**	**1,429,894**	**1,016,625**	**-**	**(20,078,057)**	**2,339,178**
Shares issued for cash	9,300,000	465,000	-	-	-	-	465,000
Share issuance costs	-	(73,632)	-	-	-	-	(73,632)
Warrants issued on financing	-	-	-	41,082	-	-	41,082
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	55,595	-	55,595
Loss for the period	-	-	-	-	-	(157,201)	(157,201)
December 30, 2016	**34,416,214**	**20,362,084**	**1,429,894**	**1,057,707**	**55,595**	**(20,235,258)**	**2,670,021**

The accompanying notes are an integral part of these financial statements

1. Going concern and nature of operations

Alto Ventures Ltd. ("the Company") is engaged in the acquisition, exploration and evaluation of Canadian gold and diamond projects. The head office is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and the registered and records office of the Company is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less amounts written down or written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon raising financing, the sale or joint venturing of the exploration and evaluation assets, and/or the attainment of profitable operations.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation projects. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete the exploration of its mineral interests by the issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. At December 31, 2016, the Company has an unrestricted working capital $741, incurred a loss for the period ended December 31, 2016 of $157,201 and has an accumulated deficit of $20,235,258 (Note 12).

Management plans to continue to seek the necessary financing through a combination issuance of new equity instruments, entering into joint venture arrangements or debt financing; however, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

Statement of Compliance
These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. Except as noted below under Changes in Accounting Policies, these condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended June 30, 2016. These condensed interim financial statements do not contain all disclosures

required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the annual financial statements for the year ended June 30, 2016 and the notes thereto.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in the notes of the annual financial statements for the year ended June 30, 2016.

Changes in accounting policies

a) Adoption of new IFRS pronouncements
The adoption of the following IFRS standards and amendments to existing standards effective July 1, 2016 did not have an effect on the Company's financial statements:

   i) IFRS 10, "Consolidated Financial Statements" (amended standard) was effective for annual periods beginning on or after January 1, 2016.
   ii) IFRS 11, "Joint Arrangements" (amended standard) in respect of joint arrangements is effective for annual periods beginning on or after January 1, 2016.
   iii) IAS 34, "Interim Financial Reporting" (amended standard) is effective for annual periods beginning on or after January 1, 2016.

b) New accounting standards not yet adopted
   i) IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.
   ii) IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
   iii) IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.
   iv) IAS 16, "Property, Plant and Equipment" (amended standard) is effective for annual periods beginning on or after January 1, 2019.

The Company has initially assessed that there will be no material impact on the statements of financial position or results of operations as a result of adopting the new standards above; however, enhanced disclosure requirements are expected.

3. Management of financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk
The Company has no material exposure at December 31, 2016 to interest rate risk through its financial instruments.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period. Sensitivity to a plus or minus 1% change in cash interest rates would affect net loss by $4,649

annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Currency risk
As at December 31, 2016, all of the Company's cash was held in Canadian dollars, the Company's reporting currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

Credit risk
The Company has some cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

Receivables consist of goods and services tax ("GST") due from the Federal Government of Canada.

Liquidity risk
The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2016, the Company had a cash balance of $464,905 (June 30, 2016: $117,550), of which $430,000 is restricted to flow-through purposes (June 30, 2016: $Nil), which is insufficient to settle current liabilities of $165,505 (June 30, 2016: $76,095) (Note 12). Management plans to continue to seek the necessary financing through a combination issuance of new equity instruments, entering into joint venture arrangements or debt financing; however, there is no assurance that the Company will be successful in these actions.

4. Receivables

Current accounts receivable balance is comprised of $2,916 (June 30, 2016: $2,440) in GST due from the Federal Government.

5. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consist of $3,929 (June 30, 2016: $2,444) in accounts payable and $15,000 (June 30, 2016: $15,000) in accrued liabilities.

6. Loan payable

During September 2015, the Company arranged for a loan (the "Loan") from a party related to the Company by way of directorship and officership, for total proceeds of $20,000. The unsecured loan bears interest of 8% per annum, and had an initial maturity date of September 29, 2016. On November 1, 2016, an interest payment of $1,197 was made to the lender. At December 31, 2016, interest of $808 had accrued on the Loan and is included in due to related parties. At December 31, 2016, the Loan is in default; however, no demand for repayment has been made, and management is exploring options with respect to extinguishing the loan. (Note 10)

(Canadian Funds)

7. Marketable securities

Company	Shares (#)	Cost ($)	December 31, 2016 Market Value ($)
Lateral Gold Corporation (LTG: TSX-V) [1]	7,500	41,000	4,500
Canoe Mining Ventures Corp. (CLV:TSX-V)	1,342,700	1,304,961	87,276
Wescan Goldfields Inc (WGF: TSX-V)	305,000	262,000	24,400
Pacific Northwest Capital Corp (PFN: TSX-V)	50,000	33,875	1,500
Razore Rock Resources Inc. (RZR:CNX)	200,000	21,000	-
		1,662,836	**117,676**

[1] On October 25, 2016, Lateral Gold Corporation ("Lateral") was acquired by Trakopolis IOT Corp. ("Trakopolis"), such that for every four shares of Lateral the Company received one share of Trakopolis.

Company	Shares (#)	Cost ($)	June 30, 2016 Market Value ($)
Lateral Gold Corporation (LTG: TSX-V)	30,000	41,000	4,050
Canoe Mining Ventures Corp. (CLV:TSX-V)	1,342,700	1,304,961	40,281
Wescan Goldfields Inc (WGF: TSX-V)	305,000	262,000	15,250
Pacific Northwest Capital Corp (PFN: TSX-V)	50,000	33,875	2,500
Razore Rock Resources Inc. (RZR:CNX)	200,000	21,000	-
		1,662,836	**62,081**

The shares owned by the Company represent minor ownership in each of the companies in the above schedules.

8. Exploration and evaluation assets

The Company has investigated ownership of its mineral interests as at December 31, 2016 and, to the best of its knowledge, ownership of its interests is in good standing.

The following table shows the activity by property for the period ended December 31, 2016 and the year ended June 30, 2016:

	June 30, 2016 ($)	Acquisition cost ($)	Disposition cost ($)	December 31, 2016 ($)
Quebec				
Alcudia	5,000	-	-	**5,000**
Destiny	809,100	-	-	**809,100**
Ontario				
Greenoaks	450,000	-	-	**450,000**
Miner Lake	1,041	6,826	-	**7,868**
Mud Lake	40,163	-	-	**40,163**
Three Towers	36,900	-	-	**36,900**
Manitoba				
Oxford	824,000	-	-	**824,000**
Saskatchewan				
Fisher	21,250	-	-	**21,250**
GEFA	45,000	-	-	**45,000**
Total resource properties	**2,232,454**	**6,826**	**-**	**2,239,281**

(Canadian Funds)

	June 30, 2015 ($)	Acquisition cost ($)	Disposition cost ($)	June 30, 2016 ($)
Quebec				
Alcudia	5,000	-	-	**5,000**
Destiny	809,100	-	-	**809,100**
Vassal	2,226	-	(2,226)	**-**
Ontario				
Cote Archie	29,615	-	(29,615)	**-**
Greenoaks	450,000	-	-	**450,000**
Miner Lake	1,041	-	-	**1,041**
Mud Lake	40,163	-	-	**40,163**
Three Towers	36,900	-	-	**36,900**
Manitoba				
Oxford	824,000	-	-	**824,000**
Saskatchewan				
Fisher	11,250	10,000	-	**21,250**
GEFA	25,000	20,000	-	**45,000**
La Ronge	46,551	-	(46,551)	**-**
Total resource properties	**2,280,846**	**30,000**	**(78,392)**	**2,232,454**

The following tables show the property acquisition and exploration activity during the period ended December 31, 2016 and the year ended June 30, 2016:

	Period ended December 31, 2016												*Year ended June 30, 2016*
	Quebec		Ontario					Manitoba	Saskatchewan				
	Alcudia ($)	Destiny ($)	Empress ($)	Greenoaks ($)	Miner Lake ($)	Mud Lake ($)	Three Towers ($)	Oxford ($)	Fisher ($)	GEFA ($)	General ($)	Total ($)	*Total ($)*
Opening balance	**5,000**	**809,100**	**-**	**450,000**	**1,041**	**40,163**	**36,900**	**824,000**	**21,250**	**45,000**	**-**	**2,232,454**	***2,280,846***
Acquisition costs													
Expenditures	-	-	-	-	6,826	-	-	-	-	-	-	**6,826**	*30,000*
Written off	-	-	-	-	-	-	-	-	-	-	-	**-**	*(78,392)*
Net acquisition costs	**-**	**-**	**-**	**-**	**6,826**	**-**	**-**	**-**	**-**	**-**	**-**	**6,826**	***(48,392)***
Exploration expenditures													
Assays	-	-	-	1,688	-	-	-	-	-	-	-	**1,688**	*5,558*
Mapping	-	120	8,741	-	27,217	660	-	-	-	-	8,715	**45,453**	*52,667*
Computer/Digitization	-	6,332	1,540	-	1,720	-	-	-	-	-	-	**9,592**	*5,541*
Drilling	-	-	-	-	-	-	-	-	-	3,960	-	**3,960**	-
Report Filing	-	-	6,600	-	3,960	-	-	-	-	-	-	**10,560**	*17,820*
Management	-	-	2,640	-	660	-	-	-	660	660	-	**4,620**	*20,773*
License/Permit	-	-	-	166	-	-	-	-	-	-	-	**166**	*4,940*
Prospecting	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Geophysics	-	-	-	-	-	-	-	-	-	-	-	**-**	*4,912*
Travel	-	-	-	-	-	-	-	-	-	-	-	**-**	*315*
	-	**6,452**	**19,521**	**1,854**	**33,557**	**660**	**-**	**-**	**660**	**4,620**	**8,715**	**76,039**	***112,526***
Exploration expenditures expensed	**-**	**(6,452)**	**(19,521)**	**(1,854)**	**(33,557)**	**(660)**	**-**	**-**	**(660)**	**(4,620)**	**(8,715)**	**(76,039)**	***(112,526)***
Ending balance	**5,000**	**809,100**	**-**	**450,000**	**7,867**	**40,163**	**36,900**	**824,000**	**21,250**	**45,000**	**-**	**2,239,281**	***2,232,454***

(Canadian Funds)

The following reflects the Company's ownership of or interest in its exploration and evaluation assets, and any additional terms or underlying Net Smelter Return Royalties ("NSR"), as at December 31, 2016:

Property	Claims (#)	Ownership (%)	
Quebec			
Alcudia	9	100	subject to underlying NSR
Destiny	101	100	subject to underlying NSR
Ontario			
Côté Archie	3	100	subject to underlying NSR
Empress	12	100	subject to underlying NSR
Greenoaks	15	100	subject to underlying NSR
Miner Lake	25	100	subject to underlying NSR
Mud Lake	20	100	subject to underlying NSR
Three Towers	5	100	subject to underlying NSR
Manitoba			
Oxford	17	100	subject to underlying NSR
Oxford #2	2	100	Nil
Saskatchewan			
Fisher	8	100	subject to underlying NSR
GEFA	5	60	subject to cash payments and issuance of shares (see b) below)
La Ronge	26	100	Nil

a) Fisher, Saskatchewan

During the year ended June 30, 2014, the Company entered into an agreement to acquire six mining claims in Saskatchewan, which agreement was amended during the year ended June 30, 2015 to include two additional claims.

Terms for the acquisition of 100% interest in the eight claims include total cash payments of $20,000 ($20,000 paid) staged over two years and the issuance of 25,000 shares valued at $1,250 (issued) of the Company to the Vendor. As the Company is now 100% owner of the claims, it has granted to the Vendor a 2% NSR, of which it has the right to buy back 1% for $1,000,000.

In connection with work performed at the Fisher property, the Company received in May, 2015, $4,665 from the Government of Saskatchewan, in reimbursement of assessment work deficiency payments previously made.

b) GEFA Option, Saskatchewan

The Company has entered into an Option Agreement to acquire a 60% interest in four mining claims (the "GEFA Option") in northern Saskatchewan.

The four GEFA claims are located east of the Town of La Ronge, Saskatchewan. Under the terms of the GEFA Option Agreement, the Company can earn a 60% interest in the four claims by making staged cash payments to the vendors of $5,000 on signing (paid), $20,000 after year one (paid) and $35,000 after year two totaling $60,000 and completing $250,000 (completed) in exploration within one year and a further $500,000 within the following 18 months totaling $750,000 in exploration expenditures on the property over 30 months. The property is subject to an underlying 2% NSR on all minerals and metals with the exception of diamonds, of which it has the right to buy back 1% of the NSR for $1 million.

In connection with work performed at the GEFA property, the Company received, in May, 2015, $118,696 from the Government of Saskatchewan, in reimbursement of assessment work deficiency payments previously made.

In January 2016, the terms of the GEFA Option Agreement were amended, such that the Company is now required to make the cash payment of $35,000 and complete the remaining $500,000 in exploration work on the property on or before July 20, 2017, in consideration for the issuance of 1,000,000 common shares of the Company to the vendors, which shares were issued in February 2016 at a fair value of $20,000.

c) Coldstream, Ontario

The Coldstream property is located in the Shebandowan greenstone belt west of Thunder Bay, Ontario.

On January 18, 2011, Canoe earned a 60% interest, and on February 16, 2012, the remaining 40% interest in the Coldstream property, giving Canoe a 100% interest in the property, in consideration for certain cash payments and share issuances, with a total value of $2,600,000, to the Company ($1,650,000 received by the Company). On June 27, 2012, the Company entered into an amending agreement with Canoe, pursuant to which the remaining balance of $950,000 (the "Balance") was to be paid by Canoe on or before November 21, 2013 (the "Due Date"), as well as a fee of 5% of the Balance amount outstanding as at November 21, 2012 (the "First Extension Fee") ($41,171 received by the Company) towards the First Extension Fee. During the year ended June 30, 2013, Canoe paid the Company $183,839 towards the Balance.

During the year ended June 30, 2015, the Company entered into a settlement agreement (the "Settlement Agreement") with Canoe to settle the terms and conditions of their debenture agreement held against the Coldstream mineral property, pursuant to which the Company was to receive:

a) 1,250,000 common shares in the capital of Canoe (received).
b) $50,000 on the Settlement Date (received);
c) $50,000 on or before December 31, 2014 (received in April 2015);
d) $75,000 on or before March 31, 2015 (received in May 2016);
e) $75,000 on or before June 30, 2015 (received in May 2016); and
f) a net smelter returns royalty ranging from 0.5% to 1.5% on certain portions of the Coldstream property.

Canoe's debt to the Company was satisfied on Canoe's payments to the Company in accordance with the terms of the Settlement Agreement.

In addition to the terms above, Canoe has the option to purchase 400,000 shares (347,300 purchased to date) of their own stock held by the Company.

d) Empress, Ontario
The Company has a 100% interest in the Empress property (Note 12).

e) Vassal, Québec
During the year ended June 30, 2016, the Company allowed all of the claims comprising the property to lapse, resulting in a write off of acquisition costs capitalized of $2,226.

f) Côté Archie, Québec
During the year ended June 30, 2016, the Company allowed the majority of the claims comprising the property to lapse, resulting in a write off of acquisition costs capitalized of $29,615.

g) La Ronge, Saskatchewan

(Canadian Funds)

During the year ended June 30, 2016, the Company elected to abandon the property, and will allow the claims to lapse as they come due, resulting in a write off of acquisition costs capitalized of $46,551.

9. Share capital and contributed surplus

Authorized share capital:
Unlimited Common shares without par value

Shares issued:

- During the period ended December 31, 2016:
  - On December 16, 2016, the Company announced a non-brokered private placement ("Private Placement") of up to $700,000 through the issuance of a combination of flow-through units and non-flow-through units at a price of $0.05 per each flow through-unit ("FT Unit") and non-flow-through unit ("NFT Unit"). Each FT Unit will comprise one flow-through common share ("FT Share") and one-half of one share purchase warrant ("FT Warrant"). Each whole FT Warrant is exercisable to purchase one additional common share of the Company at a price of $0.10 per share for a period of eighteen months from the date of closing of the Private Placement. Each NFT Unit will comprise one common share ("NFT Share") and one share purchase warrant ("NFT Warrant"). Each NFT Warrant is exercisable to purchase one additional common share of the Company at a price of $0.10 per share for a period of eighteen months from the date of closing of the Private Placement. The first tranche of the Private Placement closed on December 31, 2016, and raised total gross proceeds of $465,000 (of which $430,000 is restricted to flow-through purposes), pursuant to which the Company issued securities and incurred fees as follows (note 12):

FT Shares Issued	8,600,000
NFT Shares Issued	700,000
NFT Warrants Issued	5,000,000
NFT Warrant Exercise Price	$0.10
NFT Warrant Expiry Date	June 30, 2018
Finders' Fees	
Cash	$32,550
NFT Warrants	651,000
Exercise Price	$0.05
Expiry Date	December 30, 2017

The NFT Warrants issued in respect of Finders' Fees were valued, in total, at $41,082, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Expected dividend yield	0%
Expected stock price volatility	220%
Risk free rate	0.50%
Expected life of options	1 year

- During the year ended June 30, 2016:
  - on February 22, 2016, in connection with the acquisition of the GEFA option, the Company issued 1,000,000 shares, at a fair value of $20,000, to the vendors of the property (Note 10b).

(Canadian Funds)

Warrants:
In connection with the Private Placement, the Company issued warrants allowing for the purchase of up to, in the aggregate, 5,651,000 shares in the capital of the Company. The following is a summary of the Company's warrants outstanding as at December 31, 2016, which outstanding options have a weighted average life of 0.69 years at December 31, 2016:

Warrants	Grant Date	Warrants Issued (#)	Price per Share ($)	Expiry Date
Warrants	December 31, 2016	5,000,000	0.10	June 30, 2018
Finders' fees warı	December 31, 2016	651,000	0.05	December 30, 2017
		5,651,000		

Warrant transactions were as follows:

	Number of warrants (#)	Weighted Average Exercise Price ($)
Balance – June 30, 2015	**-**	**-**
Balance – June 30, 2016	**-**	**-**
Issued	5,651,000	0.09
Balance – December 31, 2016	**5,651,000**	**0.09**

Stock options:
The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. The options vest immediately, except for investor relations employees which vest quarterly over a one year period, and share-based compensation is expensed based upon the relative fair values and vesting conditions of the options granted.

Stock option transactions were as follows:

	Number of options (#)	Weighted Average Exercise Price ($)
Balance – June 30, 2015	**2,362,000**	**0.08**
Expired	(322,000)	0.10
Granted	350,000	0.05
Balance – December 31, 2015	**2,390,000**	**0.08**
Balance – June 30, 2016	**2,390,000**	**0.08**
Balance – December 31, 2016	**2,390,000**	**0.08**

The following is a summary of the Company's options outstanding as at December 31, 2016, which outstanding options have a weighted average life of 0.52 years at December 31, 2016:

Options Issued (#)	Price per Share ($)	Expiry Date	Options Exercisable (#)
745,000	0.10	September 19, 2017	745,000
295,000	0.10	October 30, 2017	295,000
1,000,000	0.06	June 19, 2019	1,000,000
350,000	0.05	December 10, 2020	350,000
2,390,000			**2,390,000**

(Canadian Funds)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The estimated fair value of the stock options granted during the year ended June 30, 2016 was determined using a Black-Scholes option pricing model with the following assumptions:

	2016
Expected dividend yield	0%
Expected stock price volatility	116%
Risk free rate	0.25%
Expected life of options	5 years
Expected forfeiture rate	0%
Weighted average fair value per option	$0.014

10. Related party transactions

a) During the six months ended December 31, 2016 and 2015, the Company incurred the following charges in respect of services provided by related parties:

	Periods ended December 31,	
	2016	**2015**
	($)	**($)**
J Collins Consulting - Corporate Secretary services	150	13,170
Mike Koziol –salary services (Officer and company with Director in common)	78,000	78,000
Mirador Management – management fees (company with an officer in common)	-	-
Venturex Consulting - CFO services	5,000	9,075
McMillan LLP – legal fees (Legal firm with a partner and Company Director in Common)	10,544	7,666
Total	**93,694**	**107,911**

b) In respect of services provided to the Company, expenses incurred on behalf of the Company and interest on the Loan, the Company owed various related parties the following at December 31, 2016 and June 30, 2016:

	December 30, 2016	**June 30, 2016**
	($)	**($)**
In respect of services provided to the Company		
owed to Companies with directors and officers in common	18,768	7,119
owed to a Director and Officer	107,000	29,000
In respect of expenses incurred on behalf of the Company		
owed to Directors and Officers	-	1,335
In respect of interest on the Loan		
owed to a Director and Officer	808	1,197
	126,576	**38,651**

All of the costs recorded are based on fair value.

c) Compensation of key management personnel
During the six months ended December 31, 2016 and 2015, the Company incurred fees from key management personnel as follows:

	Six months ended December 31,	
	2016	**2015**
	($)	**($)**
Management fees, directors and audit committee fees	44,150	100,245
Share-based compensation	-	-
	44,150	**100,245**

(Canadian Funds)

11. Segmented information

(a) Operating Segment
The Company's operations are primarily directed towards the acquisition and exploration of resource properties in Canada and consequently there is only one operating segment.

(b) Geographic information
All interest income is earned in Canada and all assets are held in Canada.

12. Subsequent events

- The second tranche of the Private Placement closed on January 31, 2017, and raised total gross proceeds of $168,460 (of which $22,500 is restricted to flow-through purposes), pursuant to which the Company issued securities and incurred fees as follows:

FT Shares Issued	450,000
NFT Shares Issued	2,919,200
NFT Warrants Issued	3,144,200
NFT Warrant Exercise Price	$0.10
NFT Warrant Expiry Date	July 31, 2018
Finders' Fees	
Cash	$2,100
NFT Warrants	42,000
Exercise Price	$0.05
Expiry Date	January 31, 2018

- On February 2, 2017, the Company announced a non-brokered private placement ("Offering") of up to $150,000 through the issuance of units ("Units") at a price of $0.07 per Unit. Each Unit will comprise one common share and one share purchase warrant ("Warrant"). Each Warrant is exercisable to purchase one additional common share of the Company at a price of $0.12 per share for a period of eighteen months from the date of closing of the financing. The Offering is subject to regulatory approval.

- During February, 2017, the Company entered into an option agreement (the "Option Agreement") to option 100% of its interest in the Empress project to Sanatana Resources Inc. ("Sanatana"), pursuant to which Sanatana is required to make cash payments totaling $125,000 and issue in stages a total of 3,000,000 shares in the capital of Sanatana to the Company over a 12 month period plus incur expenditures totaling $150,000 on the property over a 24-month period, and, upon closing, reimburse $20,000 to the Company in respect of previous exploration expenditures incurred by the Company. The Option Agreement also provides that Sanatana will pay the Company a 1% NSR royalty on the claims comprising the property and a 0.33% NSR royalty on any claims staked, during the term of the Option Agreement, within an area of interest provided for in the Option Agreement. The Option Agreement is subject to regulatory approval.