Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

San Angelo Oil Limited

For the six months ended December 31, 2016 and 2015

San Angelo Oil Limited

NOTICE OF NO AUDITOR REVIEW OF INTERIM

FINANCIAL STATEMENTS

Under National Instrument 51-102. Part 4. Subsection 4.3(3)(a), if auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements for the six month period ended December 31, 2016 have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada, for review of interim financial statements by an auditor.

SAN ANGELO OIL LIMITED
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31, 2016	As at June 30, 2016
	$	$
ASSETS		
Current		
Cash	**147,621**	219,793
Other receivables and prepaid expenses	**6,043**	4,776
Total current assets	**153,664**	224,569
Equipment, net *(Note 3)*	**474**	6,407
	154,138	230,976
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**27,616**	50,596
Total current liabilities	**27,616**	50,596
Shareholders' equity		
Share capital *(Note 4)*	**2,820,369**	2,820,369
Share premium	**930,383**	930,383
Warrants *(Note 4)*	**120,754**	120,754
Contributed surplus	**105,092**	105,092
Accumulated other comprehensive income	**182,633**	182,656
Deficit	**(4,032,709)**	(3,978,874)
Total shareholders' equity	**126,522**	180,380
	154,138	230,976

On behalf of the Board:

"Eileen Au" — Director

"Danny Lee" — Director

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

SAN ANGELO OIL LIMITED
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Three months ended December 31, 2016	Three months ended December 31, 2015	**Six months ended December 31, 2016**	Six months ended December 31, 2015
Expenses				
Accretion	**$ -**	$ 37,894	**$ -**	$ 75,383
Amortizaton *(Note 3)*	**237**	3,454	**473**	6,789
Management fees	**4,500**	-	**9,000**	-
Insurance	**-**	214	**-**	27,396
Legal	**15,882**	23,573	**21,470**	31,890
Office and miscellaneous	**75**	8,628	**199**	25,968
Professional fees	**8,440**	21,776	**11,440**	35,243
Regulatory fees	**4,750**	5,017	**5,950**	5,967
Salaries and benefits *(Note 5)*	**-**	5,672	**-**	49,512
General Exploration	**-**	-	**2,213**	-
Transfer agent	**2,106**	3,162	**4,480**	4,212
Travel	**-**	395	**-**	395
Loss before other items	**35,990**	109,785	**55,225**	262,755
Other expense (income)				
Interest income	**-**	(120)	**-**	(120)
Gain on sale of subsidiary	**(4,875)**	-	**(4,875)**	-
Foreign exchange	**(1,578)**	-	**(2,030)**	-
Write down of equipment *(Note 3)*	**-**	-	**5,515**	-
Exploration property write-off	**-**	504,887	**-**	1,532,204
	(6,453)	504,767	**(1,390)**	1,532,084
Net loss for the period	**$ 29,537**	$ 614,552	**$ 53,835**	$ 1,794,839
Exchange differences from translation of foreign operations	**26**	20,715	**23**	(101,229)
Comprehensive loss for the period	**$ 29,563**	$ 635,267	**$ 53,858**	$ 1,693,610
Basic and diluted loss per share (post-share consolidation)	**$ (0.00)**	$ (0.29)	**$ (0.01)**	$ (0.85)
Weighted average number of shares outstanding	**6,492,750**	2,123,519	**6,492,750**	2,108,051

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

SAN ANGELO OIL LIMITED
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of issued and outstanding shares	**Share capital**	**Number of issued and outstanding warrants**	**Treasury Shares**	**Warrants**	**Share premium**	**Convertible debentures equity component**	**Contributed surplus**	**Deficit**	**Accumulated other comprehensive income (loss)**	**Total equity**
	#	$	#	$	$	$	$	$	$	$	$
Balance, July 1, 2015	**2,092,750**	**1,838,322**	**873,250**	**-**	**120,754**	**-**	**215,070**	**25,092**	**(1,452,137)**	**83,150**	**830,251**
Shares issued for debt conversion	2,200,000	914,424	-	-	-	-	-	-	-	-	914,424
Seed shares cancelled	(800,000)	-	-	(80,000)	-	-	-	80,000	-	-	-
Equity component – convertible debenture	-	-	-	-	-	215,070	(215,070)	-	-	-	-
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	101,229	101,229
Net loss for the period	-	-	-	-	-	-	-	-	(1,794,839)	-	(1,794,839)
Balance, December 31, 2015	**3,492,750**	**2,752,746**	**873,250**	**(80,000)**	**120,754**	**215,070**	**-**	**105,092**	**(3,246,976)**	**184,379**	**51,065**
Balance, July 1, 2016	**6,492,750**	**2,820,369**	**3,873,250**	**-**	**120,754**	**930,383**	**-**	**105,092**	**(3,978,874)**	**182,656**	**180,380**
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	(23)	(23)
Net loss for the period	-	-	-	-	-	-	-	-	(53,835)	-	(53,835)
Balance, December 31, 2016	**6,492,750**	**2,820,369**	**3,873,250**	**-**	**120,754**	**930,383**	**-**	**105,092**	**(4,032,709)**	**182,633**	**126,522**

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

(Expressed in Canadian dollars)

For the six months ended		**December 31, 2016**		December 31, 2015
OPERATING ACTIVITIES				
Net loss for the period	$	(53,835)	$	(1,794,839)
Items not affecting cash:				
Accretion		-		75,383
Amortization		473		6,789
Gain on sale of subsidiary		(4,875)		-
Write down of equipment		5,515		-
Impairment of exploration and evaluation assets		-		1,532,204
Foreign exchange gain		-		(10,452)
Changes in non-cash working capital items:				
Other receivables and prepaid expenses		(1,266)		(42,616)
Accounts payable, accrued liabilities and other long-term liabilities		(18,105)		15,024
Net cash used in operating activities		(72,093)		(218,507)
INVESTING ACTIVITIES				
Redemption of short-term investment		-		150,000
Redemption of operator's bond				34,600
Investment in exploration and evaluation assets		-		(97,145)
Net cash generated by (used in) investing activities		-		87,455
FINANCING ACTIVITIES				
Interest expense paid on convertible debentures		-		(27,726)
Net cash used in financing activities		-		(27,726)
Effect of exchange rate changes on cash		(79)		-
Change in cash during the period		**(72,172)**		**(158,778)**
Cash, beginning of the period		219,793		190,955
Cash, end of the period	**$**	**147,621**	**$**	**32,177**

Supplemental cash flow information (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

San Angelo Oil Limited (the "Company") was incorporated under the *British Columbia Business Corporations Act* on February 11, 2014. The Company is a junior resource company engaged in the identification, and the exploration and development, of both proven and unproven reserves via drilling and/or acquisition.

To date the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the projects and upon future profitable production or from the proceeds of disposition. The Company will require additional capital to fund any future property acquisitions and exploration programs as well as for administrative purposes. If management is unable to obtain additional funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the normal course of business. The Company incurred a loss of $53,835 during the period ended December 31, 2016, and as of that date, the Company had an accumulated deficit of $4,032,709 and net working capital of $126,048.

These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

The continuity of the Company's operations is dependent on raising future financings for working capital and for the acquisition and exploration of new projects. Management believes that it will be able to secure the necessary financing through a combination of the issuance of new equity or debt instruments. However, there is no assurance that the Company will be successful in these actions. There can be no assurance that adequate financing will be available or available at terms favorable to the Company. Should it be determined that the Company is no longer a going concern, adjustments which could be significant, could be required to the carrying value of the assets and liabilities. These consolidated financial statements do not reflect any adjustments to the carrying value of the assets or liabilities or any impact on the consolidated statements of loss and comprehensive loss, and consolidated statement of financial position classifications that would be necessary should the going concern assumption not be appropriate.

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The address of the Company's head office is located at Suite 3123 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2016 ("2016 Annual Financial Statements"), which have been prepared in accordance with IFRS.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as at the date the Board of Directors approved these financial statements for issue.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the 2015 Annual Consolidated Financial Statement and were authorized for issue by the Board of Directors (the "Board") on February 28, 2017.

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost convention, except for financial assets classified as fair value through profit and loss ("FVTPL") which are measured at fair value. These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars.

Basis of consolidation

The condensed consolidated interim financial statements include the financial statements of the Company and its wholly owned controlled U.S. subsidiary, San Angelo Operating Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

During the period ended December 31, 2016, the Company completed the sale of all of the issued and outstanding shares of its wholly owned and controlled U.S. subsidiary, San Angelo Operating Corp. for nominal consideration to a previous director of the company. No finder's fee was paid in connection with this sale. The Company recognized a gain of $4,875 (December 31, 2015: $Nil) is connection with this sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards, Amendments and Interpretations Issued

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the accounting policy for the first period beginning after the effective date of the pronouncement.

The Company continues to evaluate the impact the implementation of these standards will have on the financial statements.

Accounting standards anticipated to be effective in future periods:

IFRS 9 - Financial Instruments. This IFRS introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 - Financial Instruments: Recognition and measurement, derecognition of financial assets and financial liabilities. The required adoption date for IFRS 9 is January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers. This IFRS establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

IFRS 16 – Leases. This IFRS, which supersedes IAS 17 – Leases, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, has also been applied.

(Expressed in Canadian dollars)

3. EQUIPMENT

	Computer $	Equipment $	Well Equipment $	Total $
Cost				
Balance, July 1, 2015	**2,843**	**35,143**	**47,082**	**85,068**
Effect of changes to foreign exchange rate	-	1,562	3,876	5,438
Write off	-	(6,775)	(50,958)	(57,733)
Balance, June 30, 2016	**2,843**	**29,930**	**-**	**32,773**
Effect of changes to foreign exchange rate	-	(5,515)	-	(5,515)
Write off	-	434	-	434
Balance, December 31, 2016	**2,843**	**24,849**	**-**	**27,692**
Accumulated amortization				
Balance, July 1, 2015	**948**	**11,714**	**-**	**12,662**
Amortization for the period	948	12,558	-	13,506
Effect of changes to foreign exchange rate	-	198	-	198
Balance, June 30, 2016	**1,896**	**24,470**	**-**	**26,366**
Amortization for the period	473	-	-	473
Effect of changes to foreign exchange rate	-	379	-	379
Balance, December 31, 2016	**2,369**	**24,849**	**-**	**27,218**
Net carrying value				
Balance, June 30, 2016	**947**	**5,460**	**-**	**6,407**
Balance, December 31, 2016	**474**	**-**	**-**	**474**

During the period ended December 31, 2016, the Company wrote off $5,515 (June 30, 2016: $6,775) in office furniture as the Company had determined that they had no recoverable value. During the year ended June 30, 2016, the Company also wrote off $50,958 of well equipment.

(Expressed in Canadian dollars)

4. SHARE CAPITAL

The Company has an unlimited number of common shares without par value authorized for issuance.

The Company completed a ten (10) for one (1) basis share consolidation which has been updated for retrospectively in these consolidated financial statements.

	Number of issued and outstanding shares		Share Capital
Balance, July 1, 2014	850,000	$	81,068
Shares issued for cash pursuant to a brokered private placement	739,000		1,478,000
Shares issued for cash pursuant to an initial public offering	503,750		806,000
Less share issuance expenses, net of taxes	-		(526,746)
Balance, June 30, 2015	2,092,750	$	1,838,322
Shares issued upon convertible debt conversion	2,200,000		914,424
Shares cancelled	(800,000)		(80,000)
Shares issued for cash pursuant to a non-brokered private placement	3,000,000		150,000
Less share issuance expense, net of taxes	-		(2,377)
Balance, June 30, 2016 and December 31, 2016	6,492,750	$	2,820,369

On August 28, 2014, the Company completed a brokered private placement issuing 7,390,000 units at a price of $0.20 per unit for gross proceeds of $1,478,000. Each unit consists of one common share and one-half of a share purchase warrant. Each whole share warrant will entitle the holder to purchase one additional common share at a price of $0.50 per common share. The warrants expire on March 10, 2017. On January 21, 2015, the Company repriced the warrants entitling the holder to purchase one additional common share at a reduced price of $0.30 per common share.

The Company also granted 591,200 Agents options entitling the holder to subscribe for and purchase 591,200 common shares at a price of $0.20 per share. These options expire on March 10, 2017.

The common shares and warrants will be subject to seed share resale restrictions with releases of 20% on the Listing Date and 20% on each of months one through four after the Listing Date. In addition, 165,000 common shares and 82,500 share purchase warrants have been placed into a voluntary pooling arrangement pursuant to which these securities will be restricted for a period of six months following the Listing Date.

On March 10, 2015, the Company completed its initial public offering by issuing 5,037,500 units at a price of $0.20 per unit for gross proceeds of $1,007,500. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.30. The warrants expire on March 10, 2017.The Company also granted 403,000 Agents options entitling the holder to subscribe for and purchase 403,000 common shares at a price of $0.20 per share. These options expire on March 10, 2017.

On December 29, 2015, the Company cancelled and returned to treasury 8,000,000 of the 8,500,000 seed shares that were issued at $0.01 per common share prior to San Angelo's initial public offering.

4. SHARE CAPITAL (continued)

On December 29, 2015, the Company issued 22,000,000 common shares for the conversion of $1,100,000 in total aggregate amount of convertible debentures outstanding at an amended price of $0.05 per common share (previously convertible at $0.20 per common share). The Company has also eliminated the warrants underlying these Debentures. Out of the 22,000,000 common shares issued to the debenture holders, 5,362,500 common shares underlying the Debentures will remain subject to an escrow agreement while the remaining 16,637,500 common shares underlying the Debentures will be free trading.

On May 26, 2016, the Company completed ten (10) for one (1) basis share consolidation of its common shares.

On May 26, 2016, the Company also completed a non-brokered private placement issuing 3,000,000 units at a price of $0.05 per unit for gross proceeds of $150,000. Each unit consists of one post-consolidated common share and one transferable common share purchase warrant exercisable into one additional post- consolidated common share at an exercise price of $0.05 per common share. These warrants expire on May 26, 2021.

As at December 31, 2016, the Company has 344,250 shares held in escrow. 114,750 of these shares will be released on March 10, 2017 and 114,750 shares will be released every six months thereafter until March 10, 2018.

(a) Stock options

The Company has a stock option plan for the purchase of common shares for its directors, officers and employees [the “2014 Plan”]. The maximum number of shares which may be issuable pursuant to options granted under the plan shall be the number equal to 10% of the Company’s issued share capital from time to time or such additional amount as may be approved from time to time by the shareholders of the Company. The options are non-assignable and non-transferable. There is no cash settlement alternative provision for the options. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant, subject to all applicable regulatory requirements. During the year ended June 30, 2016, the Company cancelled stock options previously issued due to the recent changes to management and the Board of Directors.

On October 8, 2014 and November 14, 2014, the Company granted 2,050,000 options to directors, employees and consultants. The grant of 1,850,000 of the options will be effective on the Listing Date and the options will be exercisable at the Offering Price for a period of six years from the Listing Date. The options will vest over a 36-month period, with one-third of the options vesting every 12 months after the Listing Date. The grant of 200,000 of the options was to be effective on the earlier of the Listing Date and January 27, 2015 with the options to be exercisable at the Offering Price for a period of six years from the effective date of the grant. The options vest over an 18-month period, with 10% of the options vesting on the effective date of the grant, and a further 15% vesting every 3 months following that date.

On January 21, 2015, the number of options granted effective on the Listing Date was reduced to 1,125,000, and the number of options granted effective on the earlier of the Listing Date and January 27, 2015 was reduced to 128,600, with the exercise price of all the options decreased to $0.20. All other terms and conditions remained unchanged.

On January 27, 2015, the grant of the 128,600 options became effective. The unvested options were forfeited with no expense recognition in the consolidated statement of loss and comprehensive loss.

As at December 31, 2016, there were no stock options issued and outstanding.

(Expressed in Canadian dollars)

4. SHARE CAPITAL (continued)

(a) Stock options (continued)

	Number of stock options #	Weighted average Exercise price $
Balance, June 30, 2015	113,786	0.20
Cancelled	(113,786)	0.20
Balance, June 30, 2016 and December 31, 2016	-	-

For the period ended December 31, 2016, the Company did not record any share-based payment expense (December 31, 2015: $Nil).

(b) Agent's options

The following table summarizes the continuity of agent's options outstanding at June 30, 2016 and December 31, 2016:

	Number of options	Weighted average exercise price $
Balance, June 30, 2016	99,420	2.00
Balance, December 31, 2016	99,420	2.00

Options outstanding

Number of options #	Expiry date	Weighted average remaining life (in years)	Exercise price $
59,120	March 10, 2017	0.44	2.00
40,300	March 10, 2017	0.44	2.00
99,420		0.44	

(Expressed in Canadian dollars)

4. SHARE CAPITAL (continued)

(c) Warrants

The following table summarizes the continuity of warrants outstanding at June 30, 2016 and December 31, 2016:

	Number of warrants \#	Weighted average exercise price $
Balance, June 30, 2016	**3,873,250**	**0.72**
Balance, December 31, 2016	**3,873,250**	**0.72**

Warrants outstanding

Number of warrants \#	Expiry date	Weighted average remaining life (in years)	Exercise price $
3,000,000	May 26, 2021	4.41	0.05
873,250	March 10, 2017	0.19	3.00

5. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

Key management personnel compensation, including senior officers and directors of the Company:

	December 31, 2016 **$**	December 31, 2015 $
Salary paid to key management and included in salary and benefits	-	43,561
Total remuneration	-	43,561

6. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise from the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated to cash, short-term investments, and other receivables. The carrying amounts of assets included on the consolidated statements of financial position represent the maximum credit exposure. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash and short-term investments with institutions of high creditworthiness.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short-term business requirements, after taking into account cash flows from operations, expected capital expenditures and its holdings of cash. In the long term, the Company may have to issue additional shares to ensure there is cash available on demand for its programs. All short-term financial liabilities, being accounts payable and accrued liabilities, are payable within a 90-day period and are to be funded from cash on hand.

Market risk

Interest rate risk

The Company is exposed to interest rate risk on its outstanding cash reserves. The Company's policy is to invest cash at fixed and floating interest rates in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company monitors this exposure and does not enter into any derivative contracts to manage this risk. The Company's interest rate risk mainly arises from the interest rate impact on its cash. Based on cash balance as at December 31, 2016, with other variables unchanged, a 1% change in the interest rate would decrease (increase) its net loss by approximately $Nil (December 31, 2015 - $1,000) the Company's financial liabilities are not exposed to interest rate risk.

Foreign currency risk

The Company operates in the U.S. and is exposed to foreign currency risk relating to U.S. dollars, from purchases and loans that are denominated in currencies other than the respective functional currencies of the Company's foreign operations. The Company's subsidiary has a U.S. dollar functional currency, whose net assets are exposed to foreign currency translation risk. The Company has elected not to actively manage this exposure at this time. For the period ended December 31, 2016, with other variables unchanged, a 1.00% strengthening of the U.S. dollar against the Canadian dollar would impact the Company's financial statements as follows:

- increase net loss by approximately $22 (December 31, 2015 - $16,145) due to the translation of the foreign operations' statements of operations into the Company's presentation currency, the Canadian dollar; and
- increase other comprehensive income by approximately $22 (December 31, 2015 - $16,145).

(Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Fair value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 - *Financial Instruments: Fair Value Measurement* (“IFRS 13”).

Level 1 **–** Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 **–** Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The significance of the inputs used in determining fair value measurements of the Company’s financial instruments is provided below:

		December 31, 2016			
	Category	**Carrying value** $	**Level 1** $	**Level 2** $	**Level 3** $
Cash	FVTPL	147,621	147,621	-	-

		June 30, 2016			
	Category	**Carrying value** $	**Level 1** $	**Level 2** $	**Level 3** $
Cash	FVTPL	219,793	219,793	-	-

Funds held in trust were a result of legal counsel receiving on the Company’s behalf the proceeds from the convertible debenture offering. The fair value of cash and short-term investment approximates its carrying value. There has been no changes in levels throughout the period.

7. CAPITAL MANAGEMENT

The Company manages its cash, share capital and share purchase warrants as capital. It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company's investment policy is to hold cash with institutions of high creditworthiness, in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions. There has been no change in the Company's capital management during the period.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of non-cash financing activities:

	December 31 2016 $	**December 31 2015** $
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	-	-
Interest paid	-	27,726
Interest received	-	(120)