BITTERROOT RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2017 AND 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Note	July 31, 2017	October 31, 2016
ASSETS			
Current assets			
Cash		$ 463,164	$ 232
Receivables	4	4,143	4,856
Prepaid expenses		15,717	4,830
Total current assets		483,024	9,918
Non-current assets			
Reclamation deposits		21,500	21,500
Exploration and evaluation assets	5	5,158,036	4,418,045
Equipment	6	2,531	3,030
Total non-current assets		5,182,067	4,442,575
TOTAL ASSETS		$ 5,665,091	$ 4,452,493
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 44,072	$ 53,815
Due to related party	10	31,500	126,000
Loan payable to related party	7	-	15,289
Total current liabilities		75,572	195,104
Non-current liabilities			
Due to related party	10	144,275	-
Total non-current liabilities		144,275	-
Total liabilities		219,847	195,104
SHAREHOLDERS' EQUITY			
Share capital	8	25,407,232	23,811,182
Equity reserves	8	4,042,626	3,802,214
Deficit		(24,004,614)	(23,356,007)
Total shareholders' equity		5,445,244	4,257,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 5,665,091	$ 4,452,493

Nature of operations (Note 1)
Subsequent event (Note 13)

Approved by the Board of Directors on September 27, 2017:

"Michael S. Carr "	*"George W. Sanders"*
Michael S. Carr, Director	George W. Sanders, Director

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Note	Three months ended July 31, 2017	Three months ended July 31, 2016	Nine months ended July 31, 2017	Nine months ended July 31, 2016
EXPENSES					
Bank charges and interest		$ 146	$ 140	$ 779	$ 607
Depreciation	6	166	216	499	648
Foreign exchange (gain) loss		33,462	601	27,577	1,059
Interest expense	7,10	3,811	-	20,628	-
Management fees	10	30,000	30,000	90,000	90,000
Office and printing		14,802	9,450	49,340	33,703
Professional fees		13,274	3,750	39,162	26,887
Project investigation		-	2,880	7,030	2,880
Regulatory fees		130	-	7,007	5,200
Share-based payments	8,10	-	-	174,162	32,651
Shareholder information		393	200	5,167	6,234
Transfer agent fees		3,540	5,407	12,174	11,307
Write-down of exploration and evaluation assets		-	-	215,082	-
Loss and comprehensive loss for the period		$ (99,724)	$ (52,644)	$ (648,607)	$ (211,176)
Basic and diluted loss per share		$ (0.00)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding -basic and diluted		29,379,978	20,459,367	25,868,174	20,448,418

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JULY 31
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

		2017		2016
Cash flows from operating activities				
Loss for the period	$	(648,607)	$	(211,176)
Items not involving cash:				
Depreciation		499		648
Interest expense		20,628		-
Share-based payments		174,162		32,651
Write-down of exploration and evaluation assets		215,082		-
Changes in non-cash working capital items:				
Prepaid expenses		(10,887)		(1,819)
Receivables		(2,581)		4,619
Accounts payable and accrued liabilities		(31,889)		8,848
Due to related party		31,500		84,000
Cash used in operating activities		(252,093)		(82,229)
Cash flows from financing activities				
Private Placements		1,288,910		-
Share issue costs		(65,010)		-
Loan from non-arm's length party		122,341		10,000
Interest on loan from non-arm's length party		(2,668)		-
Loan repayments to non-arm's length party		(137,315)		-
Cash provided by financing activities		1,206,258		10,000
Cash flows from investing activities				
Exploration and evaluation assets expenditures		(491,233)		(48,585)
Exploration and evaluation assets recoveries		-		66,593
Cash provided by (used in) investing activities		(491,233)		18,008
Change in cash during the period		462,932		(54,221)
Cash, beginning of period		232		57,063
Cash, end of period	$	463,164	$	2,842

Supplemental disclosure with respect to cash flows (Note 9).

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance – October 31, 2015	**20,359,367**	**$23,807,682**	**$ 3,769,563**	**$ (23,074,360)**	**$ 4,502,885**
Shares issued for exploration and evaluation assets	100,000	3,500	-	-	3,500
Shares-based payments	-	-	32,651	-	32,651
Loss for the period	-	-	-	(211,176)	(211,176)
Balance – July 31, 2016	**20,459,367**	**$23,811,182**	**$ 3,802,214**	**$ (23,285,536)**	**$ 4,327,860**
Balance – October 31, 2016	**20,459,367**	**$23,811,182**	**$ 3,802,214**	**$ (23,356,007)**	**$ 4,257,389**
Shares issued for exploration and evaluation assets	1,760,000	438,400	-	-	438,400
Private placements	7,160,611	1,288,910	-	-	1,288,910
Share issuance costs	-	(131,260)	66,250	-	(65,010)
Share-based payments	-	-	174,162	-	174,162
Loss for the period	-	-	-	(648,607)	(648,607)
Balance – July 31, 2017	**29,379,978**	**$25,407,232**	**$ 4,042,626**	**$ (24,004,614)**	**$ 5,445,244**

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

1. NATURE OF OPERATIONS

Bitterroot Resources Ltd. (the “Company”) is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company was incorporated on March 13, 1951 under the Laws of British Columbia. The Company’s head office address is Suite 206-B – 1571 Bellevue Avenue, West Vancouver, BC, V7V 1A6, Canada and its registered office address is Suite 900 – 900 West Hastings Street, Vancouver, BC, V6C 1E5, Canada. The Company is listed on the TSX Venture Exchange (“Exchange”) under the symbol “BTT”.

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency, unless otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of July 31, 2017.

The condensed consolidated interim financial statements 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (cont'd)

Use of estimates and judgments (cont'd)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

Going concern of operations

These condensed consolidated interim 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 on 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 which 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.

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 property. To date, the Company has not earned any revenues. The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast substantial doubt on the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at October 31, 2016. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2016.

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

Effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

Effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables currently arise from two main sources: cost recoveries and management fees receivable from Altius Minerals Corporation and goods and services tax ("GST") receivable due from the Canadian taxation authorities.

	July 31, 2017	October 31, 2016
Altius Minerals Corporation	$ -	$ 3,294
GST receivable	4,143	1,562
	$ 4,143	$ 4,856

5. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands, Michigan, USA	Hackberry Silver Property, Arizona, USA	North Brenda Property, BC, Canada	Total
Balance – October 31, 2015	$ 4,417,166	$ -	$ -	$ 4,417,166
Acquisition costs - cash	12,819	-	-	12,819
Claims, leases, and permits	33,457	-	-	33,457
Consulting and professional	12,369	-	-	12,369
Field supplies	375	-	-	375
Fuel	121	-	-	121
Geophysics	4,927	-	-	4,927
Ground transportation	1,552	-	-	1,552
Other	7,484	-	-	7,484
Room and board	1,004	-	-	1,004
Travel and freight	1,776	-	-	1,776
Expenditures during the year	75,884	-	-	75,884
Cost recoveries	(75,005)	-	-	(75,005)
Balance – October 31, 2016	$ 4,418,045	$ -	$ -	$ 4,418,045
Acquisition costs - cash	-	65,652	-	65,652
Acquisition costs - shares	-	438,400	-	438,400
Claims, leases, and permits	6,457	184,872	-	191,329
Consulting and professional	-	143,086	4,528	147,614
Field supplies	-	120	-	120
Fuel	-	655	-	655
Geochemistry	-	8,115	-	8,115
Geophysics	-	76,621	-	76,621
Ground Transportation	-	2,372	-	2,372
Other	-	2,222	-	2,222
Room & Board	-	15,932	-	15,932
Travel and freight	-	6,041	-	6,041
Expenditures during the year	6,457	944,088	4,528	955,073
Write-off of resource property	(215,082)	-	-	(215,082)
Balance – July 31, 2017	$ 4,209,420	$ 944,088	$ 4,528	$ 5,158,036

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

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Michigan Lands, Michigan, U.S.A.

Mineral Rights

The Company owns a 49.9% interest in certain mineral rights in the Upper Peninsula of Michigan, U.S.A. On some of the mineral rights the vendor retains a 2% net smelter return royalty (NSR) and the Joint Venture Partner Altius Minerals Corporation, which owns 50.1% of the interest, has the option to purchase one half of this NSR royalty by paying $1,000,000 U.S. on or before December 31, 2048. The Company's remaining wholly-owned mineral rights are subject to a 2% NSR payable to a subsidiary of Altius Minerals Corporation.

Mineral Rights Leased from the State of Michigan

During the year ended October 31, 2015, the Company released its remaining state leases held at that time covering 880 acres of State of Michigan mineral rights. During the year ended October 31, 2015, and following the release of all of its metallic minerals leases, the Company recovered a cash bond from the State of Michigan in the amount of US$30,000 (CAD$37,026). During the year ended October 31, 2016, the Company acquired new State of Michigan metallic minerals leases covering 3,050.87 acres. A cash bond of US$30,000 has been posted by a subsidiary of Altius Minerals Corporation.

LM Property

During the year ended October 31, 2014, the Company's Michigan subsidiary entered into an agreement whereby it purchased an arms-length company's entire interest in a 40-acre minerals lease in Baraga County, Michigan, known as the LM Property. The Company issued 50,000 units (valued at $7,500), with each unit consisting of one common share and one common share purchase warrant, exercisable for two years at $1.00, plus made a one-time $7,500 cash payment to the arms-length company. The lease required annual advance royalty payments of US$100 per acre and the lessor retains a 3% NSR royalty.

During the year ended October 31, 2015, the Company and the lessors of the LM Property agreed to amend the terms of their mineral leases. The amendment gives the Company the option to reduce the current 3% net smelter returns royalty (NSR) to a 2% NSR by paying US$1,000,000 at any time prior to December 31, 2064. The option was purchased for US$4,000 (paid), plus issuing 100,000 common shares of the Company to the lessors (issued at a value of $3,500). The common shares bear legends defining other resale restrictions, as per the regulations of the TSX Venture Exchange and US securities regulations.

During to the year ended October 31, 2016, the Company and the lessors agreed to a second amendment which extends the term of the LM Property minerals lease by 41 years to December 31, 2064. In consideration for extending the term, the next annual advance royalty payment will be increased to US$110/acre/year, commencing May 31, 2016 (paid 2016 royalty payment). The advance royalty payments will increase by $10/acre/year for each subsequent year that the lease is in effect. The LM Property is not subject to the Altius Transaction described below.

Altius Transaction

During the year ended October 31, 2015, the Company and its wholly-owned subsidiaries entered into an agreement with Altius Minerals Corporation (ALS, TSX) and its wholly-owned subsidiaries, ("Altius"), whereby the parties closed a strategic transaction (the "Transaction") under which Altius has the option to finance future mineral exploration on the Company's Voyageur Lands and Copper Range Lands in the Upper Peninsula of Michigan (the "Properties").

As part of the Transaction, Altius acquired a 50.1% interest in the Properties by funding $600,000 of exploration expenditures on the Properties. Altius has the right to acquire an additional 19.9% of the Properties by completing $2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the Properties by completing exploration spending of a further $5 million, or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the Properties, before September 29, 2025. The Company also granted to Altius a 2% net smelter returns (NSR) royalty on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands.

Altius also subscribed for a private placement of 4,051,514 post-consolidation common shares of the Company, priced at $0.0987 per share for gross proceeds of $400,000. Upon completion of the share consolidation, the share issuance to Altius and the shares-for-debt settlements in September 2015, Altius owned 19.9% of the outstanding common shares of the Company. Subsequent share issuances have reduced Altius' owenership.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Hackberry Silver Property, Arizona, U.S.A.

During the period ended July 31, 2017, the Company, through its US subsidiary, Trans Superior Resources, Inc., acquired an option (the "Option") from the Hughes Family Trust ("Hughes") to purchase a 100% interest in 12 patented lode mining claims comprising the core of the Hackberry property, a former high-grade silver producer in Mohave County, Arizona. Under the terms of the Option, the Company has made an initial payment of US$50,000 (paid at the equivalent of $65,652) and issued 1,500,000 common shares to Hughes (issued at a value of $382,500). To complete the exercise of the Option and acquire a 100 percent interest in the patented claims, the Company is required to pay, on or before each of the next four (4) anniversary dates of Exchange acceptance, US$62,500 and issue to Hughes 1,250,000 shares, for total consideration of US$300,000 and 6,500,000 shares of the Company. Hughes will also retain a 3 percent net smelter returns royalty (the "NSR") on the patented claims and 13 of the Company's unpatented claims. Following exercise of the Option, the Company can buy half (1.5%) of the NSR for US$1,500,000. Upon commencement of commercial production, Hughes will also receive minimum advance royalty payments of US$940,000 per year for 5 years. On or before the fourth anniversary, the Company must have incurred or spent a cumulative minimum of US$1,000,000 on exploration expenditures.

During the period ended July 31, 2017, the Company entered into an option agreement with Ely Gold & Minerals Inc. ("Ely", symbol ELY, TSX-V) and Ely's wholly-owned subsidiary Nevada Select Royalty Inc. ("Nevada Select") to acquire a 100% interest in the North Hackberry claims (the "Option"). Under the terms of the Option, the Company will pay US$20,000 and issue 200,000 common shares to Ely (issued at a value of $43,000). On or before the first anniversary date of Exchange acceptance, the Company will pay US$30,000 and issue Ely 100,000 shares. On or before the second anniversary date of Exchange acceptance, the Company will pay US$50,000 and issue Ely 100,000 shares. On or before the third anniversary date of Exchange acceptance, the Company will pay US$50,000 and issue Ely 200,000 shares for total consideration of US$150,000 and 600,000 of the Company's shares to exercise the Option and acquire a 100 percent interest in the unpatented claims. Nevada Select will also retain a 3 percent net smelter returns royalty (the "NSR") on precious metals (defined as silver, gold and platinum), a 2% NSR on all other products sold from the property and a 0.5% NSR on any unpatented lands which the Company acquires within a 2.66-mile radius of the North Hackberry claims. On the first three anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US$10,000 per year. On each of the fourth through tenth anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US$15,000 per year. As a result of completion of the transaction with Ely and Nevada Select, the Company paid a finder's fee to an arms-length party, consisting of 60,000 common shares Company (issued at a value of $12,900), to be followed by a second 60,000 common share payment on the first anniversary of Exchange acceptance.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer hardware	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance – July 31, 2017, October 31, 2016 and 2015	$ 11,111	$ 9,381	$ 10,646	$ 31,138
Accumulated depreciation				
Balance – October 31, 2015	10,254	7,876	9,113	27,243
Additions	257	301	307	865
Balance – October 31, 2016	$ 10,511	$ 8,177	$ 9,420	$ 28,108
Additions	135	184	180	499
Balance – July 31, 2017	$ 10,646	$ 8,361	$ 9,600	$ 28,607
Carrying amounts				
October 31, 2015	$ 857	$ 1,505	$ 1,533	$ 3,895
October 31, 2016	$ 600	$ 1,204	$ 1,226	$ 3,030
July 31, 2017	$ 465	$ 1,020	$ 1,046	$ 2,531

7. LOAN PAYABLE

During the year ended October 31, 2015, the Company entered into a loan agreement whereby the loan proceeds advanced in fiscal 2015 bear interest at a rate of 12% per annum and are payable on demand. Subject to registration, the loan was secured by a general security agreement over all of the present and subsequently acquired assets of the Company. During the year ended October 31, 2015, the loan proceeds of $138,500 and accrued interest of $8,375 were settled by the issuance of 1,468,755 common shares of the Company at $0.10 per share (Note 8).

During the period ended July 31, 2017, the Company received loan proceeds of $122,341 (October 31, 2016 - $15,000) from a non-arm's length party and recorded interest expense of $2,353 (2016 - $Nil). The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand. During the period ended July 31, 2017, the Company repaid the loan payable and accrued interest in full.

8. SHARE CAPITAL AND EQUITY RESERVES

The authorized share capital consists of an unlimited number of common shares without par value.

During the period ended July 31, 2017, the Company issued common shares pursuant to the following:

(i) Issued 1,500,000 shares at a value of $382,500 and 260,000 at a value of $55,900 for exploration and evaluation assets.

(ii) Closed a non-brokered private placement of 7,160,611 units priced at $0.18 for gross proceeds of $1,288,910. Each unit consists of one common share and one half common share purchase warrant which is exercisable at $0.30 until February 14, 2019. Finder's fees paid in conjunction with the private placement consist of $65,010 in cash and the issuance of 301,770 warrants at a fair value of $66,250 exercisable at $0.30 for two years.

During the year ended October 31, 2016, the Company issued common shares pursuant to the following:

(i) Issued 100,000 shares at a fair value of $0.035 for an exploration and evaluation asset.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - October 31, 2015	50,000	$ 1.00
Expired	(50,000)	1.00
Balance - October 31, 2016	-	$ -
Issued	3,882,075	0.30
Balance – July 31, 2017	3,882,075	$ 0.30

As at July 31, 2017, the following share purchase warrants were issued and outstanding:

Expiry Date	Number of Warrants	Exercise Price
February 14, 2019	3,882,075	$ 0.30
	3,882,075	$ 0.30

During the period ended July 31, 2017, the Company issued 301,770 (2016 – Nil) broker's warrants with a fair value of $66,250 (2016 - $Nil). The following weighted average assumptions were used for the Black-Scholes valuation of the broker's warrants:

	2017	2016
Risk-free interest rate	0.76%	-
Expected life of warrant	2 years	-
Expected dividend yield	0%	-
Expected stock price volatility	177.19%	-

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees, and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Pursuant to the stock option plan, vesting restrictions may be applied to certain other options grants, at the discretion of the directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance - October 31, 2015	839,500	$ 1.05
Granted	1,200,000	0.10
Expired	(125,500)	1.25
Balance – October 31, 2016	1,914,000	$ 0.44
Granted	1,070,000	0.26
Expired	(231,000)	1.00
Balance – July 31, 2017	2,753,000	$ 0.33

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

The following stock options were outstanding and exercisable at July 31, 2017:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
($)			($)
0.00 – 1.00	2,495,000*	3.82	0.25
1.01 – 2.00	258,000**	0.41	1.05
Total	2,753,000		

* Subsequent to July 31, 2017, 70,000 options with an exercise price of $0.10 were exercised for proceeds of $7,000.
**Subsequent to July 31, 2017, 178,000 options with an exercise price of $1.05 expired unexercised.

The weighted average fair value of each stock option granted during the period was $0.16 (2016 - $0.03), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended July 31, 2017	**Period ended July 31, 2016**
Volatility	175.35%	172.72%
Risk-free interest rate	0.95%	0.56%
Dividend yield	-	-
Expected life	5.00 years	5.00 years

Share-based payments

Total share-based payments recognized for stock options granted during the period ended July 31, 2017 was $174,162 (2016 - $32,651).

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended July 31, 2017 included:

(a) Included in exploration and evaluation assets is $26,833 which relates to accounts payable and accrued liabilities.

(b) Included in exploration and evaluation assets is $438,400 which relates to shares issued for exploration and evaluation assets.

(c) Issued 301,770 broker's warrants with a fair value of $66,250.

Significant non-cash transactions during the period ended July 31, 2016 included:

(a) Included in exploration and evaluation assets is $4,053 which relates to accounts payable and accrued liabilities.

(b) Included in exploration and evaluation assets is $3,500 which relates to shares issued for exploration and evaluation assets.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the period ended July 31, 2017, not disclosed elsewhere in the condensed consolidated interim financial statements:

(a) Management fees of $90,000 (2016 - $90,000) were incurred from a company controlled by a Director of the Company.

(b) Share-based payments include stock options granted to directors and officers recorded at a fair value of $148,960 (2016 - $23,128).

During the period ended July 31, 2017, the Company received loan proceeds of $122,341 (October 31, 2016 $15,000) from a non-arm's length party and recorded interest expense of $2,353 (2016 - $Nil). The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand. During the period ended July 31, 2017, the Company repaid the loan payable and accrued interest in full.

As at July 31, 2017, the Company owed $31,500 (October 31, 2016 - $126,000) in current liabilities to a company controlled by a director in common for management fees. During the period ended July 31, 2017, the company controlled by a director in common agreed to postpone the payment due date of $126,000 management fees for the period November 2015 to October 2016 until March, 2020. The amounts owing are unsecured and bear interest at a rate of 12% per annum. As at July 31, 2017, the Company accrued interest expense of $18,275 and are classified as non-current liabilities on the condensed interim statements of financial position.

11. SEGMENTED INFORMATION

Industry information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

Geographic information

The Company operates in both Canada and the U.S.A. The Company's equipment and reclamation deposits are in Canada. The Company's exploration and evaluation assets are located in the U.S.A.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Capital management

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 considers the items included in share capital as capital. 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-term prospectuses and private placements, or return capital to shareholders. As at July 31, 2017, the Company is not subject to externally imposed capital requirements.

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, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (cont'd)

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 is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

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 its cash, receivables and reclamation deposits. The Company limits exposure to credit risk by maintaining its cash and reclamation deposits with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The receivables balance consists of amounts due from an unrelated third party and GST recoverable. There is ongoing review to evaluate the credit worthiness of these counterparties. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, receivables and reclamation deposits.

Currency risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A strengthening (weakening) of the Canadian dollar against the US dollar of 10% would not have a significant effect on net loss.

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 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 as they are generally held with large financial institutions.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

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 is measured based on level 1 inputs of the fair value hierarchy. The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

13. Subsequent Event

Subsequent to the period ended July 31, 2017, the Company closed a non-brokered private placement of 5,331,000 units at $0.20 for proceeds of $1,066,200. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant is exercisable at $0.30 for a period of 24 months. The Company also issued 999,500 flow-through common shares at $0.22 for proceeds of $219,890 in a non-brokered private placement. A finders' fee of 6% cash and 6% share purchase warrants (broker warrants) exercisable on the same terms as the private placement warrants, were paid to third party finders.