VANADIUM ONE ENERGY CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE-MONTH PERIODS ENDED MAY 31, 2017 AND 2016

UNAUDITED - PREPARED BY MANAGEMENT

EXPRESSED IN CANADIAN DOLLARS

NOTICE TO READER

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 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 consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

To the Shareholders of Vanadium One Energy Corp. (the "Company"):

The accompanying financial statements of the Company are the responsibility of management.

The financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of statement of financial position. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ W. John Priestner
President and CEO

/s/ Jacques Arsenault
Chief Financial Officer

Burlington, ON, Canada

July 31, 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Canadian dollars)

As at,	May 31, 2017 (unaudited) $	February 28, 2017 (audited) $
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	**301 487**	509 150
Restricted cash (note 7)	**400 740**	400 740
Receivables and others (note 8)	**75 512**	64 467
Prepaid expenses	**248 560**	248 560
	1 026 299	1 222 917
Exploration and evaluation assets (note 9)	**858 091**	844 642
	1 884 390	2 067 559
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	**50 206**	71 088
	50 206	71 088
SHAREHOLDERS' EQUITY		
Capital stock, issued and outstanding (note 11)	**7 307 605**	7 307 605
Reserves	**1 614 208**	1 542 600
Accumulated other comprehensive deficit	**(5 674)**	(5 674)
Accumulated deficit	**(7 081 955)**	(6 848 060)
	1 834 184	1 996 471
	1 884 390	2 067 559

Going Concern (note 2), commitments and contingencies (note 18) and subsequent events (note 19)

Approved on behalf of the Board on July 31, 2017:

/s/ W. John Priestner
President and CEO

/s/ Jacques Arsenault
Chief Financial Officer

Accompanying notes form an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In Canadian dollars)

For the period ended,	**May 31, 2017** **$**	**May 31, 2016** $
General and administrative expenses	**22 787**	24 401
Professional fees	**139 500**	1 500
Share based payment	**71 608**	-
	233 895	25 901
Loss and comprehensive loss for the year	**(233 895)**	(25 901)
Basic and diluted loss per share	**(0,008)**	(0,005)
Weighted average number of common shares outstanding - basic and diluted	**28 552 375**	5 356 613

Accompanying notes form an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian dollars)

For the period ended,	**May 31, 2017**	**May 31, 2016**
	$	$
Operating activities		
Net loss for the period	**(233 895)**	(25 901)
Adjustments for items not involving cash:		
Share based payment	**71 608**	-
	(162 287)	(25 901)
Changes in non-cash working capital items:		
Interest and sundry receivable	**(11 045)**	(2 797)
Prepaid expenses	**-**	-
Accounts payable and accrued liabilities	**(20 882)**	33 698
Cash used in operating activities	**(194 214)**	5 000
Financing activities		
Share issuance costs	**-**	(15 000)
Loans	**-**	35 000
Cash provided by financing activities	**-**	20 000
Investing activities		
Investment in exploration and evaluation assets	**(13 449)**	-
Cash used in investing activities	**(13 449)**	-
Increase (decrease) in cash	**(207 663)**	25 000
Cash and cash equivalents, beginning of the period	**909 890**	315
Cash , end of the period	**702 227**	25 315
Cash and cash equivalents	**301 487**	25 315
Restricted cash	**400 740**	-
Cash , end of the period	**702 227**	25 315

Accompanying notes form an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

(In Canadian dollars)

	SHARE CAPITAL		RESERVES	ACCUMULATED OTHER COMPREHENSIVE DEFICIT	DEFICIT	TOTAL
	#	$	$	$	$	$
Balance - March 1, 2016	**53 566 133**	**5 626 403**	**570 120**	**(5 674)**	**(6 207 447)**	**(16 598)**
Share issue costs	-	(15 000)	-	-	-	(15 000)
Loss of the period	-	-	-	-	(25 901)	(25 901)
Balance - May 31, 2016,	**53 566 133**	**5 611 403**	**570 120**	**(5 674)**	**(6 233 348)**	**(57 499)**
Consolidation 10:1	(125 377 022)	-	-	-	-	-
Private placements	82 763 264	860 964	802 010	-	-	1 662 974
Issuance for exploration property	16 450 000	634 250	-	-	-	634 250
Debt settlement	650 000	130 000	-	-	-	130 000
Warrants exercised	500 000	70 988	(20 988)	-	-	50 000
Stock options issued	-	-	191 458	-	-	191 458
Loss of the period	-	-	-	-	(614 712)	(614 712)
Balance - February 28, 2017	**28 552 375**	**7 307 605**	**1 542 600**	**(5 674)**	**(6 848 060)**	**1 996 471**
Stock options issued	-	-	71 608	-	-	71 608
Loss of the period	-	-	-	-	(233 895)	(233 895)
Balance - May 31, 2017	**28 552 375**	**7 307 605**	**1 614 208**	**(5 674)**	**(7 081 955)**	**1 834 184**

Accompanying notes form an integral part of these interim consolidated financial statements

1. General information and nature of operations

Vanadium One Energy Corp. ("**Vanadium One**" or the "**Company**") was incorporated on February 27, 2007 pursuant to the *Business Corporations Act* (Ontario) and was classified as engaged in the exploration of its properties for base metals and precious metals in Canada and Mexico. All mineral property interests held are currently in the exploration stage.

The Company listed its common shares on the TSX Venture Exchange (the "Exchange") for trading upon the completion of its initial public offering ("IPO") as disclosed in a prospectus filed with the regulators and dated May 25, 2007. The Company's shares are listed under the symbol VDR on the TSX Venture Exchange.

These interim consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the directors on July 31, 2017.

2. Going concern disclosure

The Company's principal assets are mining claims and deferred exploration costs relating to properties which are not in commercial projects. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Vanadium One is not currently generating any revenue from its operations and for the three-month period ended May 31, 2017, the Company recorded a net comprehensive loss of $233,895 (May 31, 2016 - $25,901) and an accumulated deficit of $7,081,955 (February 28, 2017 - $6,848,060). Its ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, complete the development of its exploration projects, and eventually to generate positive cash flows from operations. Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial statement classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of preparation

Statement of Compliance
These Interim Unaudited Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These Interim Unaudited Consolidated Financial Statements should be read in conjunction with the Company's most recently issued Annual Report which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 3 of the consolidated financial statements for the years ended February 28, 2017 and February 29, 2016, and have been consistently applied in the preparation of these interim consolidated financial statements. These Interim Unaudited Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these Interim Unaudited Consolidated Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation
The interim consolidated financial statements of the Company include the accounts of its wholly-owned subsidiary Vendome Minas, S.A. de C.V. ("**VDR Mexico**"). The interim consolidated financial statements accounts of VDR Mexico from the date that it commenced its operations, which was January 1, 2011.

Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, which is Company's functional currency.

4. Summary of significant accounting policies

See annual consolidated financial statements for the years ended February 28, 2017 and February 29, 2016 for a list of accounting policies used by the Company.

5. Summary of accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and judgments that, in management's opinion, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed in the annual audited consolidated financial statements.

See annual consolidated financial statements for the years ended February 28, 2017 and February 29, 2016 for a list of accounting estimates and judgements considered significant by management.

6. Accounting pronouncements

Accounting standard issued for adoption in future periods

The following standards have been issued but are not yet effective. The Company is assessing the impact of this new standard, but does not expect it to have a significant impact on the consolidated financial statements.

- In July 2014, the IASB published IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The improvements introduced by IFRS 9 include a logical model for financial asset classification and measurement, a single, forward-looking 'expected loss' impairment model based on expected credit losses, and a substantially-reformed approach to hedge accounting. This standard applies to fiscal years beginning on or after January 1, 2018; early adoption is permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on March 1, 2018 and does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements based on its current holding of financial instruments.

- On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. There are optional exemptions for short-term leases and leases of low value items. In addition, lessees will recognize a frontloaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on March 1, 2019 and does not expect the adoption of IFRS 16 to have a material effect on its consolidated financial statements.

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7. Cash and cash equivalents

Cash and cash equivalents were as follows:

	May 31, 2017	February 28, 2017
	$	$
Cash Canadian banks	301 373	34 380
Cash Canadian banks - In Trust	-	474 656
Cash foreign banks	114	114
	301 487	**509 150**
Restricted Cash Canadian banks - Flow-Through	400 740	400 740
	702 227	**909 890**

8. Receivables and other

Receivables and other are sales tax receivable of $75,512 as at May 31, 2017 (February 28, 2017 - $64,467).

9. Exploration and evaluation assets

The following is a summary of the Company's investment in exploration properties:

	Ivanhoe Ontario	San Miguel Mexico	Clinton B.C	Mont. Sorcier Quebec	Total
	$	$	$	$	$
Balance, March 1, 2016	285 790	1	-	-	285 791
Acquisition costs	-	-	-	-	-
Exploration costs	-	-	-	-	-
Balance, May 31, 2016	**285 790**	**1**	**-**	**-**	**285 791**
Acquisition costs	-	-	120 500	689 150	809 650
Exploration costs	-	-	17 457	17 533	34 990
Write down of mineral property	(285 789)	-	-	-	(285 789)
Balance, February 28, 2017	**1**	**1**	**137 957**	**706 683**	**844 642**
Acquisition costs	-	-	-	-	-
Exploration costs	-	-	5 520	7 929	13 449
Balance, May 31, 2017	**1**	**1**	**143 477**	**714 612**	**858 091**

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(i) ***Ivanhoe Lake Property, Ontario:*** on July 30, 2012, the Company completed the acquisition of a 100% interest in the Ivanhoe Lake property (the "Property") located in the Borden Lake Gold District, Ontario, Canada. The vendors retain a 3% net smelter royalty on the property. The Company was granted the right to purchase 50% of the net smelter royalty at any time for a payment of $3,000,000 to the vendors. On September 5th, 2014, the Company acquired additional mining claims contiguous to its Ivanhoe Lake Property. The additional claims are located directly adjacent to the western boundary of the original Ivanhoe Lake claims and double the size of the footprint in the region. The claims were acquired from the vendors of our original claims pursuant to an amendment to the existing agreement. Vanadium paid $6,000 in cash to the vendors and amended the existing agreement to include the claims under the same terms and conditions as in the original agreement. As at February 28, 2017 the Company wrote down these claims to a nominal amount as they are not part of the Company's future exploration plans.

(ii) ***San Miguel Property, Mexico:*** in July 2011, the Company acquired the San Miguel property ("San Miguel Property") from Santa Claws Minas., De C.V. for $25,000 in cash and 2,500,000 common shares of the Company. The San Miguel Property is located within the southern portion of the Sierra Madre del Sur precious metal belt in the State of Guerrero, Mexico. The Company has written down the value of the Property in prior years to a nominal amount of $1.

(iii) ***Clinton Manganese Property, British Colombia:*** In July 2016, the Company agreed to acquire a 100% interest in the Clinton Manganese property ("Clinton Property") located near Clinton in British Columbia, Canada. The agreement called for a payment of $20,000 and the issuance of 12,000,000 common shares at $0.0075. In addition, a finder's fees of 1,400,000 common shares at $0.0075 were issued in relation of the acquisition.

(iv) ***Mont Sorcier, Vanadium Project, Quebec:*** In November 2016, the Company agreed to acquire a 100% interest in the Mont Sorcier Vanadium property ("Sorcier Property") located near Chibougamau in Quebec, Canada. The agreement called for a payment of $150,000 and the issuance of 2,750,000 post-consolidation common shares at $0.175. The Company has agreed to undertake a minimum of $1 million in exploration expenditures on the property within in the first 24 months following signature of the agreement. Chibougamau Independent Mines will retain a 1% Gross Metal Royalty ("GMR") on all mineral production from the property. In order to facilitate the transaction, Globex Mining Enterprises Inc., which held a 3% GMR on a number of claims, has reduced its royalty to 1% GMR but it has been extended to the recently enlarged claim group. In addition, 300,000 post-consolidation common shares at $0.175 were issued as a finders' fee.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities were comprised of the following balances:

	May 31, 2017	February 28, 2017
	$	$
Accounts payable	6 205	27 088
Accrued liabilities	44 001	44 000
	50 206	**71 088**

The Company has negotiated debt settlement agreements with various related parties and creditors. The outstanding debts with creditors were extinguished through reduction of current debt from approximately $187,779 to $130,000 and the issuance of shares on a post-consolidation basis. The company has agreed to settle the reduced amount of the debt in exchange for the issuance of an aggregate of 650,000 post-consolidated common shares. The debt settlement was based on a deemed price of $0.20 per share on a post-consolidated basis. Accounts payable and accrued liabilities includes an amount of $1,695 as at May 31, 2017 (February 28, 2017 - $2,265) due to related parties (see Note 13).

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11. Shareholders' Equity

(i) Share capital

Authorized and issued: the Company is authorized to issue an unlimited number of common shares. The issued and outstanding common shares are as follows:

	May 31, 2017	**May 31, 2016**
Shares issued and fully paid:		
Beginning of the year	53 566 133	53 566 133
Share issued	72 341 662	-
Issued for mining claims	13 400 000	-
Consolidation 10:1	(125 377 022)	-
Debt settlement (post-consolidation)	650 000	-
Issued for mining claims (post-consolidation)	3 050 000	-
Private placements	10 421 602	
Warrants exercised	500 000	
Shares issued and fully paid end of the period	**28 552 375**	**53 566 133**
For each class of share capital:		
The number of shares authorized		Unlimited
The number of shares issued and fully paid		28 552 375
The number of shares issued but not fully paid		Nil
Par value per share, or that the shares have no par value		no par value

(a) On August 3, 2016 Vanadium announced the closing of a private placement in the gross amount of $542,562. A total of 59,008,331 Units of the Company were issued at a price of $0.0075 per unit for gross proceeds of $442,562, and 13,333,331 "flow-through" shares at a price of $0.0075 per share for gross proceeds of $100,000. Each Unit consists of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $0.01 for a period of 3 years from the closing date of the private placement.

The Company closed its first tranche of the private placement on July 27, 2016 of which the Company issued 21,089,999 Units for gross proceeds of $158,175 (the "First Tranche"). The Company closed its final tranche of the private placement on August 2, 2016 of which the Company issued 37,918,332 Units for gross proceeds of $284,387 and 13,333,331 "flow-through" shares for gross proceeds of $100,000 (the "Final Tranche").

Finder's fees consisting of $54,256 in cash and 7,234,166 broker warrants ("Broker Warrants") were paid to the finders in accordance with policies of the TSX-V. Each Broker Warrant is convertible into one broker warrant unit (a "BW Unit") at a price of $0.0075 per BW Unit for a period of two years from the date of issuance. Each BW Unit consists of one Share (a "BW Share") of the Company and one-half Warrant of the Company (each whole warrant, a "BW Warrant"). Each BW Warrant will entitle the holder to purchase one Share (a "BW Warrant Share") of the Company for a period of 3 years following the date of issuance of the BW Warrants at a price of $0.01 per BW Warrant Share.

(b) On July 25, 2016 under the terms of the Clinton Manganese Property acquisition agreement described in Note 9(iii) above the Company issued 12,000,000 (pre-consolidation) common shares at $0.0075. In addition, finder's fees of 1,400,000 common shares at $0.0075 were issued in relation to the acquisition (see note 9 (iii)).

(c) On September 28, 2016 Vanadium announced the consolidation of its common shares on the basis of one (1) new post-consolidation common share for every ten (10) pre-consolidation common shares. As a result of the consolidation, the Company's outstanding 139,307,795 common shares were reduced to 13,930,773 common shares. No fractional shares were issued. Any fractions of a share were rounded down to the nearest whole number of common shares. The consolidation was approved by the shareholders of the Company on September 6, 2016 and accepted by the TSX Venture Exchange on September 26, 2016.

(d) On September 28, 2016, in connection with the Company's effort to restructure, Vanadium has negotiated debt settlement agreements with various creditors. The outstanding debt with the creditors were extinguished through reduction of current debt from approximately $187,778.69 to $130,000 and the issuance of shares on a post consolidation basis (the "Debt Settlement"). The company agreed to settle the reduced amount of the debt in exchange for the issuance of an aggregate of 650,000 post-consolidated common shares. The debt settlement will be based on a deemed price of $0.20 per share on a post-consolidated basis.

(e) On November 8, 2016 under the terms of the Mont Sorcier Vanadium Iron, Titanium acquisition agreement more fully described in Note 9(iv) the Company issued to Chibougamau Independent Mines 2,750,000 common shares. In addition, finder's fees of 300,000 common shares of the Company were issued in relation to the acquisition.

(f) On December 16, 2016, The Company announced it has completed an initial tranche of a non-brokered private placement financing. Pursuant to the financing, the Company issued 2,004,936 "flow-through" shares at a price of $0.15 per share for gross proceeds of $300,740.40.

A cash fee was paid to finders representing 8% of the gross proceeds raised in the Financing. Additionally, finders received that number of compensation warrants ("Compensation Warrants") totaling 8% of the number of FT Shares sold pursuant to the Financing. The Compensation Warrants are exercisable at a price of $0.15 per shares for a period of 18 months after the closing of the Financing. Finders was paid a corporate finance fee representing 2% of the gross proceeds raised in the Financing and that number of Compensation Warrants equaling 2% of the number of FT Shares sold in the Financing.

(g) On February 27, 2017, the Company announced it has completed a non-brokered private placement financing as previously announced. Pursuant to the financing, the Company issued 8,416,666 units ("Units") of the Company at a price of $0.12 per Unit to raise aggregate proceeds up to $1,010,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each full warrant will entitle its holder to purchase one additional common share at an exercise price of $0.25 for a period of 24 months from the closing date of the private placement. All securities issued in connection with the financing are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws.

A cash fee was paid to finders representing 8% of the gross proceeds raised in the financing. Additionally, finders received that number of compensation warrants totaling 8% of the number of Units sold pursuant to the financing. The Compensation Warrants are exercisable at a price of $0.12 per unit for a period of 24 months after the closing of the financing. Finders were paid a corporate finance fee representing 2% of the gross proceeds raised in the financing and that number of Compensation Warrants equaling 2% of the number of Units sold in the financing.

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(ii) Stock Options

The Company's Stock Option Plan ("the "**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option. The stock options activity is summarized below:

	May 31, 2017		**May 31, 2016**	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of year	1 900 000	0,170	1 150 000	0,230
Granted during the period	750 000	0,135	-	-
Expired during the period	-	-	-	-
Balance at end of period	**2 650 000**	**0,160**	**1 150 000**	**0,230**

- In September 2016, the Company announced that 1,050,000 incentive stock options to various Employees, Directors and a Consultant were granted. The options are exercisable at $0.20 per option, on a post-consolidation basis, for a period of 3 years from the date of grant and vest immediately.

  The fair value of the 1,050,000 stock options at the issue date was $129,447, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36-month expected average life; share price of $0.20; 100% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options.

- On December 16, 2016, the Company announced that 100,000 incentive stock options were granted to the Corporate Secretary of the Company. The options are exercisable at $0.20 per option for a period of 3 years from the date of grant and vest immediately.

  The fair value of the 100,000 stock options at the issue date was $6,534, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36-month expected average life; share price of $0.20; 100% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options.

- On January 9, 2017, the Company announced that 750,000 incentive stock options were granted to Directors, Officers and Consultants of the Company. The options are exercisable at $0.12 per option for a period of 3 years from the date of grant and vest immediately.

  The fair value of the 750,000 stock options at the issue date was $55,477, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36-month expected average life; share price of $0.12; 100% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options.

- On March 12, 2017, the Company announced that 750,000 incentive stock options were granted to Directors, Officers and Consultants of the Company. The options are exercisable at $0.135 per option for a period of 3 years from the date of grant and vest immediately.

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The fair value of the 750,000 stock options at the issue date was $71,608, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36-month expected average life; share price of $0.15; 100% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options.

As at May 31, 2017 stock option issued and outstanding are as follows:

exercisable	Weighted Average Exercise Price ($)	Expiry dates
1 050 000	0,200	September 2019
100 000	0,200	December 2019
750 000	0,120	January 2020
750 000	0,135	March 2020
2 650 000	**0,160**	

(iii) Warrants

The following is a summary of warrants outstanding:

	May 31, 2017		**May 31, 2016**	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of the year	12 994 369	0,2010	980 000	0,1000
Issued during the period	-	-	-	-
Expired during the period	-	-	(980 000)	(0,1000)
Balance at end of the period	**12 994 369**	**0,2010**	**-**	**-**

(*) See Note 11 (i) (c) on the consolidation of the common shares on the basis of one (1) new post-consolidation common share for every ten (10) pre-consolidation common shares.

The fair value of the warrants was based on the Black-Scholes option-pricing model. The following assumptions were used to value them:

Number of warrants	**2 950 417**	**723 417**	**8 416 666**	**200 494**	**841 667**	**361 708**
Weighted average exercise price	$0,10	$0,08	$0,25	$0,15	$0,16	$0,12
Weighted average expected volatility	100%	100%	100%	100%	100%	100%
Weighted average expected warrant life	3 years	2 years	2 years	1.5 years	2 years	2 years
Weighted average expected dividend yield	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average risk-free interest rate	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%

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As at May 31, 2017, the outstanding post-consolidation share purchase warrants are as follows:

exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
0,160	841 667	1,8	February 2019
0,250	8 416 666	1,8	February 2019
0,150	200 494	2,1	June 2019
0,100	854 500	2,2	July 2019
0,075	723 417	2,3	August 2018
0,100	1 595 917	2,3	August 2019
0,120	361 708	2,3	August 2019
0,003	**12 994 369**	**2,0**	

12. Loan payable

During the first quarter period ended May 31, 2016, pursuant to an unsecured promissory note, the Company received a loan in the amount of $35,000. The loan was to be used by the Company for working capital purposes. The note was guaranteed by the Company's president. The total amount was repaid in the second quarter ended August 31, 2016.

13. Related Party Transactions

The Company's related parties include its subsidiaries, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. In additions to share issuances, transactions with related parties were as follows:

Transactions during the period ended,	**May 31, 2017**	**May 31, 2016**
	$	$
Management fees	19 500	12 000
Consulting fees paid to a company controlled by an officer	4 500	-
Expenses reimbursement	4 213	3 879
	28 213	**15 879**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

The Company has negotiated debt settlement agreements with all related parties and creditors. The outstanding debts with creditors were totally extinguished through reduction of current debt from approximately $187,779 to $130,000 and the issuance of shares on a post-consolidation basis. The Company settled the reduced amount of the debt in exchange for the issuance of an aggregate of 650,000 post-consolidated common shares. The debt settlement was based on a deemed price of $0.20 per share on a post-consolidated basis. The Company accounted a gain on settlement of debt from related parties of $79,958 (accrued liabilities) during the year ended February 28, 2017.

The Company's President and CEO purchased 400,000 unit for $48,000 for the unit offering that closed in February 2017.

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Amounts payable to related parties included in the accounts payable and accrued liabilities were as follows:

Outstanding balances owing to related parties as at,	**May 31, 2017**	**May 31, 2016**
	$	$
Management fees due to directors/officers	-	160 621
Non-interest bearing, unsecured, demand loans from shareholders	-	8 000
Amounts payable to a company controlled by an officer	1 695	-
Amounts payable to companies with common ownership or directors	-	47 337
	1 695	**215 958**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. This amount includes amounts paid to the CEO and former CFO of the Company.

14. Segmented Information

The Company conducts its business in two geographic segments being Canada and Mexico and one business segment being exploration for mineral resource properties. At May 31, 2017 and 2016, the Company's mineral property interests were situated in Canada and Mexico. The following table summarizes total assets, liabilities and net losses by geographic location:

	May 31, 2017	**May 31, 2016**	**February 28, 2017**
	$	$	$
Canada	1 884 389	318 750	2 067 558
Mexico	1	1	1
Total assets	**1 884 390**	**318 751**	**2 067 559**
Canada	(50 206)	(376 250)	(71 088)
Mexico	-	-	-
Total liabilities	**(50 206)**	**(376 250)**	**(71 088)**
Canada	(233 895)	(25 901)	(640 613)
Mexico	-	-	-
Net loss	**(233 895)**	**(25 901)**	**(640 613)**

15. Capital Management and Liquidity

The Company considers its capital structure to consist of its cash, common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSX-V") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of May 31, 2017, the Company may not be totally compliant with the policies of the TSX-V. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods ended May 31, 2017, and 2016. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. The Company's capital for the reporting periods is summarized as follows:

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	May 31, 2017	**May 31, 2016**	**February 28, 2017**
	$	$	$
Cash	702 227	25 315	909 890
Common shares	7 307 605	5 611 403	7 307 605
Reserves	1 614 208	570 120	1 542 600
Deficit	(7 081 955)	(6 233 348)	(6 848 060)
	2 542 085	**(26 510)**	**2 912 035**

16. Financial Instruments

Financial Instruments details can be summarized as follows:

	Level of Fair Value Measurement	**Balance as at May 31, 2017**	**Balance as at May 31, 2016**
		$	$
Loans and receivables			
Cash and cash equivalents	Level 1	702 227	25 315
Interest and sundry receivables	Level 2	75 512	7 645
		777 739	**32 960**
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	50 206	341 250
		50 206	**341 250**

Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

17. Financial Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

(i) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts. At May 31, 2017 and 2016, the Company does not have any allowance for doubtful accounts. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax ("HST") refunds receivable.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. In addition to having a working capital deficiency The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. The Company has a significant working capital deficiency at period end and therefore liquidity risk is considered high.

(iii) **Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net income or the value of financial instruments. These risks are generally outside the control of the Company. The objectives of the Company are to mitigate market risk exposure within acceptable limits, while maximizing returns. The Company has no significant exposure to market risk.

(iv) **Interest rate sensitivity**

The Company has no significant exposure at May 31, 2017 and 2016 to interest rate risk through its financial instruments.

(v) **Foreign Exchange Risk**

The Company is exposed to foreign currency fluctuations as the Company's fully owned subsidiary operates in MXN pesos. The translation effects of changes in exchange rates in the Consolidated Statement of Financial Position were net translation gain of $Nil (2015 - $Nil) are recorded within Accumulated Other Comprehensive Income in Shareholders' Equity. Management believes that foreign exchange risk is not significant as at May 31, 2017 and 2015.

18. Commitments and contingencies

From time to time, the Company may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Company. As at May 31, 2017 the Company's management is not aware of any commitments and/or contingencies.

19. Subsequent events

There were no subsequent events.