TINTINA RESOURCES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

DECEMBER 31, 2016

(UNAUDITED – PREPARED BY MANAGEMENT)

TINTINA RESOURCES INC.

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 interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

February 20, 2017

TINTINA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016 AND JUNE 30, 2016

(Unaudited - Expressed in Canadian Dollars)

		December 31, 2016		June 30, 2016
ASSETS				
Current				
Cash and cash equivalents	$	5,085,968	$	2,790,829
Amounts receivable		130,382		63,187
Prepaid expenses and other assets		103,773		113,643
		5,320,123		2,967,659
Non-current				
Property, plant and equipment (Note 3)		9,108		11,355
Resource properties (Note 4)		3,714,340		3,414,981
Deferred income tax asset		41,741		41,741
		3,765,189		3,468,077
Total assets	$	9,085,312	$	6,435,736
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	$	432,962	$	621,378
Current income tax payable		41,741		41,741
		474,703		663,119
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		74,388,022		68,439,819
Warrants reserve (Note 6)		5,597,400		5,600,000
Share-based payment reserve (Note 7)		8,003,646		7,933,441
Foreign currency reserve		376,092		124,700
Accumulated deficit		(79,754,551)		(76,325,343)
		8,610,609		5,772,617
Total equity and liabilities	$	9,085,312	$	6,435,736

Approved by the Board on February 20, 2017

"John Shanahan"
Director

"Eric Vincent"
Director

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

TINTINA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

(Unaudited - 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				
Advertising, promotion and investor relations	$ 14,438	$ 23,131	$ 58,673	$ 53,843
Director and management fees	16,318	139,325	33,401	278,075
Depreciation	813	1,304	1,768	3,269
Salary and wages	217,315	83,204	268,236	125,084
Exploration and evaluation costs (Note 4)	1,478,233	1,339,474	2,679,645	3,624,011
Foreign exchange gain	47,842	138,487	67,577	516,435
Office, administration and miscellaneous	55,216	50,976	104,178	157,990
Professional fees	98,416	49,814	148,540	86,180
Share-based payments (Note 7)	33,549	33,290	70,205	70,085
Loss from operations	(1,962,140)	(1,859,005)	(3,432,223)	(4,914,972)
OTHER ITEMS				
Interest income	1,163	4,390	1,436	11,367
Other income	-	-	-	2,000
Loss on disposal of assets	(539)	-	(1,021)	(4,872)
Loss before income tax	(1,961,516)	(1,854,615)	(3,431,808)	(4,906,477)
Income tax recovery (Note 6)	-	-	2,600	980,950
Net loss for the period	(1,961,516)	(1,854,615)	(3,429,208)	(3,925,527)
Other comprehensive income				
Currency translation adjustments gain	143,973	359,522	251,392	1,223,789
Deferred income tax expense	-	-	-	(980,950)
Net other comprehensive income	143,973	359,522	251,392	242,839
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ (1,817,543)	$ (1,495,093)	$ (3,177,816)	$ (3,682,688)
BASIC AND DILUTED LOSS PER SHARE	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	303,768,505	222,492,510	263,130,508	222,492,510

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

TINTINA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

(Unaudited - Expressed in Canadian Dollars)

	Common Shares						
	Number of Shares	Amount $	Warrants Reserve $	Share-based Payment Reserve $	Foreign Currency Reserve $	Accumulated Deficit $	Total $
Balance at July 1, 2015	222,492,510	68,439,819	5,600,000	7,832,114	498,264	(69,549,535)	12,820,662
Loss for the six months	-	-	-	-	-	(3,925,527)	(3,925,527)
Other comprehensive income	-	-	-	-	242,839	-	242,839
Share-based payments	-	-	-	70,085	-	-	70,085
Balance at December 31, 2015	222,492,510	68,439,819	5,600,000	7,902,199	741,103	(73,475,062)	9,208,059
Balance at July 1, 2016	222,492,510	68,439,819	5,600,000	7,933,441	124,700	(76,325,343)	5,772,617
Loss for the six months	-	-	-	-	-	(3,429,208)	(3,429,208)
Other comprehensive income	-	-	-	-	251,392	-	251,392
Units issued on private placement, net	101,045,832	5,948,203	-	-	-	-	5,948,203
Tax charge on expiry of warrants	-	-	(2,600)	-	-	-	(2,600)
Share-based payments	-	-	-	70,205	-	-	70,205
Balance at December 31, 2016	323,538,342	74,388,022	5,597,400	8,003,646	376,092	(79,754,551)	8,610,609

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

TINTINA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

(Unaudited - Expressed in Canadian Dollars)

		December 31, 2016		December 31, 2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Loss for the period	$	(3,429,208)	$	(3,925,527)
Items not involving cash				
Deferred income tax recovery		(2,600)		(980,950)
Depreciation		1,768		3,269
Disposal of fixed assets		1,021		4,872
Interest income		-		(92,144)
Share-based payments		70,205		70,085
		(3,358,814)		(4,920,395)
Working capital adjustments:				
Amounts receivable		(68,631)		85,404
Prepaid expenses and other assets		9,870		145,541
Accounts payable and accrued liabilities		(188,416)		(480,212)
Interest received		1,436		11,367
Cash used in operating activities		(3,604,555)		(5,158,295)
INVESTING ACTIVITIES				
Proceeds from sale of computer equipment		1,950		-
Purchase of equipment, net		(2,492)		-
Acquisition of resource properties		(299,359)		(167,076)
Cash used in investing activities		(299,901)		(167,076)
FINANCING ACTIVITY				
Proceeds from private placement, net		5,948,203		-
Cash provided by financing activity		5,948,203		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		2,043,747		(5,325,371)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		251,392		941,046
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		2,790,829		10,878,325
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	5,085,968	$	6,494,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Tintina Resources Inc. (the “Company”) (TSX.V TAU.V) was incorporated on July 30, 1998 under the laws of British Columbia and is a mining exploration and development company. The address of the Company’s corporate office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

The Company is in the process of evaluating and permitting its resource property and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

During the six months ended December 31, 2016, the Company incurred a net loss of $3,429,208 (Six months ended December 31, 2015: $3,925,527), the Company’s cash and cash equivalents was $5,085,968 (June 30, 2016: $2,790,829) and working capital was $4,845,420 (June 30, 2016: $2,304,540). The Company is currently completing approvals processes for the development of the Black Butte Copper Project and as a result is yet to achieve profitability and experiences operating losses and significant negative cash flow. The Company has concluded that the working capital as held at December 31, 2016 is insufficient to fund planned expenditures for at least the next twelve months. Unless additional funds are raised, the Company will have insufficient funds to realize its assets and discharge its liabilities in the normal course of business.

The conditions described above indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. The Company plans to address this uncertainty by raising additional funds in the capital markets in fiscal year 2017. Many factors influence the Company’s ability to raise funds, and there is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital. These financial statements do not contain any adjustments to the amounts that may be required should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These interim condensed consolidated financial statements are unaudited and have been prepared in compliance with International Financial Reporting Standards (“IFRS”), including IAS 34 - Interim Financial Reporting (“IAS 34”). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These interim condensed consolidated financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the nine months ended June 30, 2016.

(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Change in fiscal year end

The Company changed its fiscal year end from September 30 to June 30, effective June 30, 2016 in order to coincide the Company's annual reporting as a public company with its majority corporate shareholder. Accordingly, the current consolidated financial statements are prepared for six months from July 1, 2016 to December 31, 2016. As a result, the figures stated in the consolidated statements of loss and comprehensive loss, change in equity, cash flows and the related notes are restated and compared to the consolidated financial statements for the six months ended December 31, 2015. The consolidated statements of financial position are as at December 31, 2016 and June 30, 2016.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

c) Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

d) Basis of consolidation

Subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned US subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. The Company consolidates subsidiaries where it has the ability to exercise control. Control of an investee is defined to exist when the investor is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls investees, if and only if, the Company has all of the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

The consolidated financial statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Tintina Montana Inc. ("TMI")	USA	100%
Tintina Alaska Mining Inc. ("TAMI")	USA	100%
Tintina American Inc. ("TAI")	USA	100%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) New and amended accounting standards

The Company has adopted the following changes to the IFRS and IFRIC, effective July 1, 2016:

IAS 1 – *Presentation of Financial Statements*

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgement in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements.

The adoption of this standard did not have a material impact on the interim condensed consolidated financial statements.

IFRS 10 – *Consolidated Financial Statements*

In September 2014, amendments to IFRS 10 were issued to provide guidance on recognising gains and losses from the loss in control of a subsidiary in the parent's profit or loss. In December 2014, further amendments to IFRS 10 were issued to address issues that have arisen in the context of applying the consolidation exception for investment entities.

The adoption of this standard did not have a material impact on the interim condensed consolidated financial statements

f) Accounting standards issued not yet effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 11 – *Joint Arrangements*

In May 2014, an amendment to IFRS 11 was issued addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment now specifies the appropriate accounting treatment for such acquisitions and requires applying the principles in IFRS 3 – *Business Combinations,* when acquiring an interest in a joint operation that constitutes a business.

New accounting standards effective for annual periods on or after July 1, 2017:

IAS 7 – *Statement of Cash Flows*

In January 2016, amendments to IAS 7 were issued to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Accounting standards issued not yet effective (continued)

IAS 12 – *Income Taxes*

In January 2016, amendments to IAS 12 were issued to clarify the recognition of deferred tax assets for unrealized losses. The amendments address aspects related to the deductible temporary differences, future taxable profits, and deferred tax asset.

New accounting standards effective for annual periods on or after July 1, 2018:

IFRS 9 – *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC-31 – *Revenue – Barter Transactions Involving Advertising Services.* IFRS 15 establishes a single five –step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

New accounting standard effective for annual periods on or after July 1, 2019:

IFRS 16 – *Leases*

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. 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. Classification of leases by the lessor under IFRS 16 continues as either an operating or a finance lease, as was the treatment under IAS 17 Leases.

The Company is currently still assessing the impact of the new standards. Therefore, the extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

(Unaudited - Expressed in Canadian Dollars)

3. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer Equipment	Computer Software	Total
As at July 1, 2015	$ 92,013	$ 72,349	$ 164,362
Additions	1,651	-	1,651
Disposals	(50,390)	-	(50,390)
As at June 30, 2016	$ 43,274	$ 72,349	$ 115,623
Additions	2,492	-	2,492
Disposals	(8,047)	-	(8,047)
As at December 31, 2016	$ 37,719	$ 72,349	$ 110,068

Accumulated Depreciation	Computer Equipment	Computer Software	Total
As at July 1, 2015	$ 77,986	$ 66,056	$ 144,042
Depreciation	3,640	2,104	5,744
Disposals	(45,518)	-	(45,518)
As at June 30, 2016	$ 36,108	$ 68,160	$ 104,268
Depreciation	997	771	1,768
Disposals	(5,076)	-	(5,076)
As at December 31, 2016	$ 32,029	$ 68,931	$ 100,960

Net book value	Computer Equipment	Computer Software	Total
As at June 30, 2016	$ 7,166	$ 4,189	$ 11,355
As at December 31, 2016	$ 5,690	$ 3,418	$ 9,108

(Unaudited - Expressed in Canadian Dollars)

4. RESOURCE PROPERTIES

Expenditures as at December 31, 2016 and June 30, 2016:

Resource properties		July 1, 2016		Acquisition costs for the period		Currency translation		December 31, 2016
Black Butte Copper	$	3,414,981	$	161,403	$	137,956	$	3,714,340
Total	$	3,414,981	$	161,403	$	137,956	$	3,714,340

Resource properties		July 1, 2015		Acquisition costs for the year		Currency translation		June 30, 2016
Black Butte Copper	$	2,566,480	$	767,185	$	81,316	$	3,414,981
Total	$	2,566,480	$	767,185	$	81,316	$	3,414,981

	Exploration and evaluation costs for six months ended			
Exploration and evaluation costs		December 31, 2016		December 31, 2015
Black Butte Copper	$	2,679,645	$	3,624,011
Total	$	2,679,645	$	3,624,011

Black Butte Copper

i) Black Butte Copper 2010 Leases

On May 2, 2010, the Company, through its wholly-owned subsidiary, TMI, entered into mining lease agreements and a surface use agreement (collectively, the “Black Butte Agreements”) with the owners of the Black Butte copper-cobalt-silver property in central Montana, United States. This portion of the Black Butte property consists of approximately 7,684 acres of fee-simple lands and 4,541 acres in 239 Federal unpatented lode mining claims in central Montana.

The Black Butte Agreements provide the Company, through TMI, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by the Company for additional periods of 10 years by giving prior notice within the time specified in the agreements. The Black Butte Agreements also provide for surface lease payments and advance minimum royalty payments to be paid to the lessors, in total of US$12,200,000 in cash (schedule Payments 1), and a Net Smelter Returns (“NSR”) royalty of 5% after commencement of commercial production, if any. At any time after completion of a feasibility study, the Company has the right to buydown the maximum 5% NSR to 2% by making payments to the lessors in total of US$10,000,000.

On December 19, 2014, the Company, through TMI, entered into a mining lease agreement with one of the lessors of the Black Butte Copper property to supplant in part and continue in part the Black Butte Agreements. An annual surface rent payment of US$10,000 in cash is payable to the lessor on or before May 2, 2015 to May 2, 2040 (schedule Payments 1).

(Unaudited - Expressed in Canadian Dollars)

4. RESOURCE PROPERTIES (continued)

i) Black Butte Copper 2010 Leases (continued)

The following is an updated schedule of payments, translated to Canadian dollars, as at December 31, 2016:

Payments 1

$	2,097,380	Total paid from May 2, 2010 to May 2, 2016
	14,165,478	$590,228 annually on May 2 from 2017 to 2040
$	16,262,858	Total lease payments, excluding buydown of NSR royalty of 5%

ii) Black Butte Copper 2011 Leases

During the year ended September 30, 2011, the Company, through its subsidiary, staked additional 286 claims on federal lands and entered into mining lease agreements.

The additional mining lease agreements were entered under similar terms as the Black Butte Agreements as described above. The Company was granted the sole and exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by the Company for additional periods of 10 years by giving prior notice within the time specified in the agreements. The additional Black Butte Agreements provide for prior to commercial production, advance minimum royalty payments to be paid to the lessors, in total of US$1,250,000 in cash (schedule Payments 2), and a NSR royalty of 5% after commencement of commercial production, if any. At any time after completion of a feasibility study, the Company has the right to buydown the maximum 5% NSR to 2% by making payments to the lessors in total of US$5,000,000.

The following is a schedule of payments, translated to Canadian dollars, as at December 31, 2016:

Payments 2

$	151,283	Total paid from June 10, 2011 to June 10, 2016
	120,837	On June 10, 2017, on June 10, 2018, and on June 10, 2019 ($40,279 each year)
	140,976	On June 10, 2020, on June 10, 2021, and on June 10, 2022 ($46,992 each year)
	161,118	On June 10, 2023, on June 10, 2024, and on June 10, 2025 ($53,706 each year)
	1,074,112	$67,132 annually on June 10 from 2026 to 2041
$	1,648,326	Total lease payments, excluding buydown of NSR royalty of 5%

iii) Lease and Water Use Agreement

On October 15, 2015, the Company, through TMI, entered into a Lease and Water Use Agreement to lease the water rights to certain locations in Meagher County, Montana for a term of 30 years. The Company shall pay the owner the sum of US$20,000 per year, increasing to US$100,000 year upon actual mining and production of minerals at the Black Butte Copper property.

During the six months ended December 31, 2016, the Company paid the first anniversary payment of $26,853 (December 31, 2015: $25,694).

(Unaudited - Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2016		June 30, 2016
Trade payables	$	216,709	$	231,590
Accrued liabilities and other		216,253		389,788
	$	432,962	$	621,378

6. SHARE CAPITAL

a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding 323,538,342 (December 31, 2015: 222,492,510) common shares. See Consolidated Statements of Changes in Equity for details.

On September 12, 2014, the Company completed a non-brokered private placement. The Company sold 80 million units at a price of $0.20 per unit, for gross proceeds of $16 million. Each unit comprised of one common share of the Company and one common share purchase warrant (Class A Warrants, Class B Warrants and Class C Warrants), as presented below. In connection with the private placement, the Company incurred share issuance costs of $149,713, resulting in the net proceeds of $15.85 million, of which $10.3 million is allocated to the value of the common shares and $5.6 million is allocated to the value of the warrants. All shares are subject to a four month hold period, which expired on January 13, 2015.

On October 18, 2016, the Company completed rights offering. The Company issued 101,045,832 common shares for gross proceeds of $6.1 million. Nine rights entitled the holder to subscribe for one common share of the Company upon payment of the subscription price of $0.06 per share. The Company incurred share issuance costs of $114,546, resulting in the net proceeds of $5.9 million.

The Company's two largest shareholders, Sandfire BC Holdings Inc. ("Sandfire") and Electrum Global Holdings L.P ("Electrum" and together with Sandfire, the "Purchasers"), together with certain of their affiliates, fully exercised their respective basic subscription privileges to purchase their pro rata share of the common shares offered in the rights offering, being an aggregate of 90,202,799 common shares. 96,943,835 of the shares issued in the rights offering were distributed under basic subscription privileges (of which 94,303,594 were issued to insiders, including the Purchasers). 4,101,997 of the shares issued in the rights offering were distributed under additional subscription privileges (all of which were issued to non-insiders). To the knowledge of the Company, no person became an insider as a result of the rights offering.

Warrants

Exercise Price	Balance at July 1, 2016	Issued	Exercised	Expired	Balance at December 31, 2016	Expiry Date
$0.28[1]	20,000,000	-	-	(20,000,000)	-	September 12, 2016
$0.32[2]	20,000,000	-	-	-	20,000,000	September 12, 2017
$0.40[3]	40,000,000	-	-	-	40,000,000	September 12, 2019
	80,000,000	-	-	(20,000,000)	60,000,000	

[1] Class A Warrants
[2] Class B Warrants
[3] Class C Warrants

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

Warrants (continued)

Exercise Price	Balance at July 1, 2015	Issued	Exercised	Expired	Balance at June 30, 2016	Expiry Date
$0.28[1]	20,000,000	-	-	-	20,000,000	September 12, 2016
$0.32[2]	20,000,000	-	-	-	20,000,000	September 12, 2017
$0.40[3]	40,000,000	-	-	-	40,000,000	September 12, 2019
	80,000,000	-	-	-	80,000,000	

[1] Class A Warrants
[2] Class B Warrants
[3] Class C Warrants

On September 12, 2016, 20,000,000 Class A warrants expired unexercised. The expiry of these warrants generated a capital gain and the Company recorded a $2,600 tax charge in equity which has been offset by a deferred tax recovery in the consolidated statement of loss and other comprehensive loss.

7. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

The Company adopted a rolling stock option plan (the “Plan”) to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts. Options granted under the Plan are for a term not to exceed 10 years from the date of their grant and are exercisable at a price not less than the discounted market price (which is the market price less a discount of 25% for a closing price of up to $0.50, a discount of 20% for a closing price of $0.51 to $2.00, and a discount of 15% for a closing price above $2.00, subject to a minimum of $0.10).

On June 14, 2016, the Company granted to the new President and Chief Executive Officer a total of 1,000,000 stock options under the Company’s Stock Option Plan. The options have a five year term and are exercisable at a price of $0.08 per share with the first 333,000 options vesting six months after the date of grant; 333,000 options vesting eighteen months after the date of grant; and the remaining 334,000 options vesting thirty months after the date of grant. The Company’s closing share price on June 14, 2016 was $0.10.

On December 15, 2016, the Company granted to directors, officers, and employees a total of 3,350,000 stock options under the Company’s Stock Option Plan. The options have a five year term and are exercisable at a price of $0.06 per share, and vest 1/3 one year after date of grant, 1/3 two years after date of grant and the remaining 1/3 three years after date of grant. The Company’s closing share price on December 15, 2016 was $0.06.

(Unaudited - Expressed in Canadian Dollars)

7. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, July 1, 2015	16,350,332	$0.34
Granted	1,000,000	$0.08
Forfeited	(26,667)	$0.15
Expired	(2,213,332)	$0.90
Balance, June 30, 2016	15,110,333	$0.24
Granted	3,350,000	$0.06
Forfeited	(266,667)	$0.15
Expired	(762,333)	$0.36
Balance, December 31, 2016	17,431,333	$0.20

The following table summarizes stock options outstanding and exercisable at December 31, 2016:

	Options Outstanding			Options Exercisable	
Exercise Price ($)	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($)	Number Exercisable	Weighted Average Exercise Price ($)
0.060	3,350,000	4.96	0.060	-	-
0.080	1,000,000	4.45	0.080	333,000	0.080
0.150	2,453,333	2.95	0.150	1,679,994	0.150
0.165	2,000,000	2.70	0.165	2,000,000	0.165
0.170	900,000	1.97	0.170	900,000	0.170
0.220	2,000,000	2.70	0.220	2,000,000	0.220
0.300	4,388,000	0.82	0.300	4,388,000	0.300
0.500	1,340,000	0.13	0.500	1,340,000	0.500
	17,431,333	2.56	0.200	12,640,994	0.250

Stock options outstanding at December 31, 2016 will expire between February 15, 2017 and December 15, 2021.

8. RELATED PARTY TRANSACTIONS AND BALANCES

As at December 31, 2016, the Company did not have any related party transactions other than remuneration of key management personnel.

Key management personnel compensation:

The remuneration of directors and other members of key management is as follows:

	Six months ended December 31, 2016	December 31, 2015
Short-term benefits	$ 1,134,768	$ 838,729
Share-based payments	62,162	47,561
Total remuneration	$ 1,196,930	$ 886,290

(Unaudited - Expressed in Canadian Dollars)

9. SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of resource properties. The resource properties are located in the State of Montana in the United States.

As at December 31, 2016

		Canada		United States		Total
Other Assets	$	543,607	$	4,827,365	$	5,370,972
Resource properties		-		3,714,340		3,714,340
Total Assets	$	543,607	$	8,541,705	$	9,085,312
Total Liabilities	$	119,346	$	355,357	$	474,703

As at June 30, 2016

		Canada		United States		Total
Other Assets	$	751,288	$	2,269,467	$	3,020,755
Resource properties		-		3,414,981		3,414,981
Total Assets	$	751,288	$	5,684,448	$	6,435,736
Total Liabilities	$	147,343	$	515,776	$	663,119

		Canada		United States		Total
Loss before income tax for six months ended December 31, 2016	$	(81,954)	$	(3,349,854)	$	(3,431,808)
Loss before income tax for six months ended December 31, 2015	$	(1,441,531)	$	(3,464,946)	$	(4,906,477)

10. COMMITMENTS

a) In August 2015, the Company entered into a sublease agreement for office premises at a rate of $1,400 per month. The agreement expired on August 31, 2016 and was renewed on a month-to-month basis. On December 31, 2016, the Company terminated the month-to-month lease agreement.

b) The Company has commitments to incur resources property payments as disclosed in Note 4.

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject to.

As at December 31, 2016, the Company had capital resources consisting of cash and cash equivalents and amounts receivable. 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 or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

Refer to Note 1 going concern disclosure.

12. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy has three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 inputs are for the asset or liabilities that are not based on observable market data (unobservable inputs).

As at December 31, 2016, the carrying value of cash and cash equivalents, amounts receivable and accounts payable approximates their fair value due to their short terms to maturity. The Company's financial assets and liabilities are classified as Level 1.

Liquidity Risk

The Company manages liquidity risk by maintaining an adequate cash balance. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

Interest Rate Risk

The Company's cash and cash equivalents are subject to interest rate price risk. The Company's interest rate risk management policy for cash and cash equivalents is to purchase highly liquid investments with a term to maturity of three months or less on the date of purchase. The Company does not engage in any hedging activity. The Company earned $1,436 in interest income during six months ended December 31, 2016.

Credit Risk

The Company maintains substantially all of its cash with major financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

12. FINANCIAL INSTRUMENTS (continued)

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

Foreign Currency Risk

As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the U.S. dollar. A significant portion of the Company's cash and cash equivalents, accounts payable, and expenses are denominated in U.S. dollars. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity.

There have been no changes in the Company's objectives and policies for managing the above mentioned risks and there has been no significant change in the Company's exposure to each risk during six months ended December 31, 2016.

The Company is exposed to currency risk through following assets and liabilities denominated in U.S. dollars:

	December 31, 2016	June 30, 2016
Cash and cash equivalent	$ 2,841,060	$ 2,093,310
Accounts payable and accrued liabilities and Current income tax payable	(356,630)	(494,946)
Total	$ 2,484,430	$1,598,364

Based on the above net exposure as at December 31, 2016, a 10% change in U.S. dollar against Canadian dollar would result in a $0.3 million (June 30, 2016: $0.2 million) decrease or increase in the Company's net loss.