

**GLACIER LAKE RESOURCES INC.**  
(formerly Killdeer Minerals Inc.)

Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Glacier Lake Resources Inc. (formerly Killdeer Minerals Inc.)

We have audited the accompanying financial statements of Glacier Lake Resources Inc. (formerly Killdeer Minerals Inc.), which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Glacier Lake Resources Inc. (formerly Killdeer Minerals Inc.) as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Glacier Lake Resources Inc. (formerly Killdeer Minerals Inc.) to continue as a going concern.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

July 31, 2017

**GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)  
Statements of Financial Position  
(Expressed in Canadian Dollars)

	Note	March 31, 2017	March 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 462,874	\$ 332,335
Amounts receivable		9,758	1,246
Prepaid expenses		8,477	5,664
<b>Total current assets</b>		481,109	339,245
<b>Non-current assets</b>			
Exploration and evaluation assets	4	129,359	–
<b>Total assets</b>		\$ 610,468	\$ 339,245
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 68,151	\$ 163,424
Loan payable	6	5,000	5,000
Due to related parties	5	88,431	66,544
<b>Total current liabilities</b>		161,582	234,968
<b>Shareholders' equity</b>			
Share capital		4,089,423	3,597,515
Share subscriptions receivable		–	(2,250)
Share-based payment reserve		387,890	333,519
Deficit		(4,028,427)	(3,824,507)
<b>Total shareholders' equity</b>		448,886	104,277
<b>Total liabilities and shareholders' equity</b>		\$ 610,468	\$ 339,245

Going concern (Note 2)  
Subsequent event (Note 13)

Approved and authorized for issuance by the Board of Directors on July 31, 2017:

\_\_\_\_\_  
"Satvir Dhillon"  
Director

\_\_\_\_\_  
"Stan Szary"  
Director

(The accompanying notes are an integral part of these financial statements)

**GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)

Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Year Ended March 31,	
		2017	2016
<b>OPERATING EXPENSES</b>			
Accounting and audit	5	\$ 29,000	\$ 12,000
Consulting		72,420	7,500
Filing and regulatory fees		10,399	4,825
Legal fees		11,243	6,149
Investors relations		12,992	–
Management fees	5	30,000	7,500
Office and miscellaneous		11,174	8,413
Rent		20,649	–
Share-based payments	9	36,444	146,215
Transfer agent fees		8,531	3,872
<b>Loss before other items</b>		<b>(242,852)</b>	<b>(196,474)</b>
<b>OTHER ITEMS</b>			
Gain (loss) on settlement of debt	7	(11,400)	20,676
Interest expense		–	(2,407)
Write-off of accounts payable		50,332	10,829
<b>Total other items</b>		<b>38,932</b>	<b>29,098</b>
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (203,920)</b>	<b>\$ (167,376)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>21,425,418</b>	<b>7,873,969</b>

(The accompanying notes are an integral part of these financial statements)

**GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)  
Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Receivable	Share- based Payment Reserve	Deficit	Total
Balance, March 31, 2015	2,253,013	\$ 2,279,381	\$ –	\$ 187,304	\$ (3,657,131)	\$ (1,190,446)
Shares issued for settlement of loan payable and accrued interest	628,400	37,704	–	–	–	37,704
Shares issued for settlement of related party debt	4,550,000	330,000	–	–	–	330,000
Shares issued for settlement of accounts payable	7,421,600	556,620	–	–	–	556,620
Share issued for cash	5,791,200	434,340	(2,250)	–	–	432,090
Share issuance costs	–	(40,530)	–	–	–	(40,530)
Fair value of stock options granted	–	–	–	146,215	–	146,215
Net loss for the year	–	–	–	–	(167,376)	(167,376)
Balance, March 31, 2016	20,644,213	3,597,515	(2,250)	333,519	(3,824,507)	104,277
Shares issued for private placement	5,000,000	500,000	–	–	–	500,000
Share issuance costs	–	(57,492)	–	17,927	–	(39,565)
Shares issued for settlement of related party debt	180,000	23,400	–	–	–	23,400
Shares issued for settlement of accounts payable	200,000	26,000	–	–	–	26,000
Share subscriptions received	–	–	2,250	–	–	2,250
Fair value of stock options granted	–	–	–	36,444	–	36,444
Net loss for the year	–	–	–	–	(203,920)	(203,920)
Balance, March 31, 2017	26,024,213	\$ 4,089,423	\$ –	\$ 387,890	\$ (4,028,427)	\$ 448,886

(The accompanying notes are an integral part of these financial statements)

**GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)

Statements of Cash Flows

(Expressed in Canadian Dollars)

	<b>Year Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (203,920)	\$ (167,376)
Items not affecting cash:		
Loss (gain) on settlement of debt	6,000	(9,426)
Loss (gain) on settlement of related party debt	5,400	(11,250)
Share-based payments	36,444	146,215
Write-off of accounts payable	(50,332)	(10,829)
Changes in non-cash operating working capital:		
Amounts receivable	(8,512)	(566)
Prepaid expenses	(2,813)	(2,617)
Accounts payable and accrued liabilities	(24,941)	62,667
Due to related parties	39,887	(68,466)
Net cash used in operating activities	(202,787)	(61,648)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets expenditures	(129,359)	–
Net cash provided used in investing activities	(129,359)	–
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	–	16,325
Repayments to related parties	–	(16,325)
Proceeds from issuance of common shares	502,250	432,090
Share issuance costs	(39,565)	(40,530)
Net cash provided by financing activities	462,685	391,560
Change in cash	130,539	329,912
Cash, beginning of year	332,335	2,423
Cash, end of year	\$ 462,874	\$ 332,335
<b>Non-cash investing and financing activities:</b>		
Shares issued for settlement of related party debt	\$ 23,400	\$ 330,000
Shares issued for settlement of accounts payable	\$ 26,000	\$ 556,620
Shares issued for settlement of loan payable and accrued liabilities	\$ –	\$ 37,704
<b>Supplemental disclosures:</b>		
Interest paid	\$ –	\$ –
Income taxes paid	\$ –	\$ –

(The accompanying notes are an integral part of these financial statements)

# GLACIER LAKE RESOURCES INC.

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

Glacier Lake Resources Inc. (formerly Killdeer Minerals Inc.) (the "Company") is a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company was incorporated on May 28, 2008 under the laws of British Columbia. The Company's head office and registered office is Suite 2000, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Company is listed on the TSX Venture Exchange under the symbol "GLI".

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

## 2. BASIS OF PREPARATION

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in these financial statements are based on the IFRS issued and effective as of March 31, 2017.

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- 1) the carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position;
- 2) deferred income tax asset valuation allowances; and
- 3) measurement of share-based payments.

Application of the going concern assumption: the assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

## **GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### **2. BASIS OF PREPARATION (continued)**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

#### *Going concern*

These financial statements have been prepared assuming the Company will continue on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2017, the Company has an accumulated deficit of \$4,028,427 and has not generated any revenues since inception, and expects to incur further losses in the development of its business. 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. These factors indicate the existence of a material uncertainty that may cast significant doubt the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

#### **Exploration and evaluation assets**

##### *Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

##### *Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

## **GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Exploration and evaluation assets (continued)**

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

#### **Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation, and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

## **GLACIER LAKE RESOURCES INC.**

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Impairment of non-current assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations.

#### **Share-based payments**

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services rendered.

#### **Flow-through shares**

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

## GLACIER LAKE RESOURCES INC.

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As at March 31, 2017, the Company had 4,168,000 (2016 – 750,000) potentially dilutive shares outstanding.

#### Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

#### Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### *Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in the statement of operations when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of operations.

## GLACIER LAKE RESOURCES INC.

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Held-to-maturity investments*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

##### *Available for sale assets*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

The Company has classified its financial assets as follows:

- Cash is classified as FVTPL.
- Amounts receivable is classified as loans and receivables.

##### *Financial liabilities*

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loan payable, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

## GLACIER LAKE RESOURCES INC.

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not be recognized.

#### **Accounting standards issued but not yet effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the current fiscal year, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 2, "Share-based Payment"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

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

## GLACIER LAKE RESOURCES INC.

(formerly Killdeer Minerals Inc.)

Notes to the Financial Statements

Years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

### 4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of:

	<b>Silver Vista Property</b>
<b>Balance, March 31, 2015 and 2016</b>	<b>\$ -</b>
Expenditures during the year	
Acquisition costs	10,000
Geology	31,637
Helicopter	87,432
Office and travel	290
<b>Total expenditures</b>	<b>129,359</b>
<b>Balance, March 31, 2017</b>	<b>\$ 129,359</b>

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

#### Silver Vista Property, British Columbia

On March 15, 2017, the Company entered into an option agreement to acquire a 100% interest in the Silver Vista copper-silver property (the "Property") with Multiple Metals Resources Ltd. The Property consists of a series of 49 mineral claims located in the province of British Columbia. Following the exercise of the option, the Property will remain subject to a 2.5% net smelter return royalty.

The Company's obligations under the agreement include an aggregate of \$230,000 in option payments, the issuance of 750,000 shares of the Company, and incurring exploration expenditures on the Property of not less than \$600,000 as follows:

- (a) Cash to be paid:
  - (i) \$10,000 on or before the closing date (paid); and
  - (ii) \$10,000 on or before November 11, 2017;
  - (iii) \$25,000 on or before May 11, 2018;
  - (iv) \$10,000 on or before November 11, 2018;
  - (v) \$50,000 on or before May 11, 2019; and
  - (vi) \$125,000 on or before May 11, 2020.
- (b) Shares to be issued:
  - (i) 350,000 common shares on or before May 11, 2019; and
  - (ii) 400,000 common shares on or May 11, 2020.
- (c) Exploration expenditures to be incurred:
  - (i) \$150,000 on or before May 11, 2018;
  - (ii) an additional \$200,000 on or before May 11, 2019; and
  - (iii) an additional \$250,000 on or before May 11, 2020.

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### **5. RELATED PARTY TRANSACTIONS**

During the years ended March 31, 2017 and 2016, the Company was involved in the following related party transactions:

- (a) As at March 31, 2017, the Company owed \$53,944 (2016 - \$53,944) to a company with a common officer and a director which is non-interest bearing, unsecured, and due on demand.
- (b) As at March 31, 2017, the Company owed \$112 (2016 - \$4,725) to an accounting firm where the Chief Financial Officer of the Company is a partner. The amount due is non-interest bearing, unsecured, and due on demand.
- (c) As at March 31, 2017, the Company owed \$34,375 (2016 - \$7,875) to a company controlled by the President and Chief Executive Officer of the Company which is non-interest bearing, and due on demand.
- (d) Incurred management fees of \$30,000 (2016 - \$7,500) to a company controlled by the President and Chief Executive Officer.
- (e) Incurred accounting fees of \$18,000 (2016 - \$4,500) to an accounting firm where the Chief Financial Officer of the Company is a partner.
- (f) During the year ended March 31, 2017, the Company granted 150,000 (2016 - 450,000) stock options with a fair value of \$9,150 (2016 - \$87,729) to officers and directors of the Company.

### **6. LOAN PAYABLE**

As at March 31, 2017, \$5,000 (2016 - \$5,000) is owed to a former director of the Company which is non-interest bearing, unsecured, and due on demand.

### **7. SHARE CAPITAL**

Authorized: Unlimited common shares without par value

Share transactions for the year ended March 31, 2017:

- (a) On February 7, 2017, the Company issued 200,000 common shares with a fair value of \$26,000 to settle accounts payable of \$20,000 resulting in a loss on settlement of debt of \$6,000. The Company also issued 180,000 common shares with a fair value \$23,400 to settle accounts payable of \$18,000 owed to an accounting firm where the Chief Financial Officer is a partner resulting in a loss on settlement of debt of \$5,400.
- (b) On February 7, 2017, the Company issued 5,000,000 units at \$0.10 per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one half-of-one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.15 for a period of one year, subject to accelerated expiry in the event that the Company's common shares have a closing price of \$0.40 or higher for ten consecutive trading days. In connection with this private placement, the Company incurred share issuance costs of \$39,565 and issued 318,000 finders' warrants with a fair value of \$17,927. Each finders' warrant entitles the holder to acquire an additional common share at a price of \$0.15 for a period of one year.

Share transactions for the year ended March 31, 2016:

- (c) Issued 5,791,200 common shares at a price of \$0.075 per share for gross proceeds of \$434,340, of which \$2,250 was received during the year ended March 31, 2017. In connection with this private placement, the Company incurred shares issuance costs of \$40,530.

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### 7. SHARE CAPITAL (continued)

Share transactions for the year ended March 31, 2016 (continued):

- (d) Issued 7,421,600 common shares with a fair value of \$556,620 to settle accounts payable of \$556,620.
- (e) Issued 4,550,000 common shares with a fair value \$330,000 to settle debt of \$341,250 owed to various related parties. This resulted in a gain on settlement of debt of \$11,250.
- (f) Issued 628,400 common shares with a fair value of \$37,704 to settle debt of \$47,130 owed to a non-related party. This resulted in a gain on settlement of debt of \$9,426.

### 8. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, March 31, 2015 and 2016	–	–
Issued	2,818,000	0.15
Balance, March 31, 2017	2,818,000	0.15

As at March 31, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,818,000	0.15	February 7, 2018

### 9. STOCK OPTIONS

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's stock on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

	Number of Options	Weighted Average Exercise Price \$
Outstanding, March 31, 2015	–	–
Granted	750,000	0.20
Outstanding, March 31, 2016	750,000	0.20
Granted	600,000	0.07
Outstanding, March 31, 2017	1,350,000	0.14

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### 9. STOCK OPTIONS (continued)

Additional information regarding stock options outstanding as at March 31, 2017 is as follows:

Range of exercise prices	Number of shares	Outstanding and exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price
\$ 0.07	600,000	2.6	\$ 0.07
\$ 0.20	750,000	1.8	0.20
	1,350,000	2.1	\$ 0.14

During the year ended March 31, 2017, the Company granted 600,000 (2016 – 750,000) stock options with a fair market value of \$38,329 or \$0.06 per option which was charged to operations. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	2017	2016
Risk-free interest rate	0.68%	0.50%
Expected life (in years)	3	3
Expected volatility	174%	110%

### 10. FINANCIAL INSTRUMENTS AND RISKS

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

#### (a) 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, private placements, sell assets, incur debt, or return capital to shareholders. As at March 31, 2017, the Company is not subject to externally imposed capital requirements.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at March 31, 2017, the Company had a cash balance of \$462,874 (2016 - \$332,335) and current liabilities of \$161,582 (2016 - \$234,968). The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

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### 10. FINANCIAL INSTRUMENTS AND RISKS (continued)

#### (c) 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 liquid financial assets including cash and amounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with a major Canadian based financial institution. Amounts receivable is comprised of GST refunds from the Canadian government. The carrying amount of financial assets represents the maximum credit exposure.

#### (d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

#### (e) Interest rate risk

The Company is not exposed to interest rate risk.

#### (f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

#### (g) Fair values

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 values of other financial instruments, including amounts receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties, are equal to their carrying values due to the short-term nature of these instruments.

### 11. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

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### 12. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss before income taxes	\$ (203,920)	\$ (167,376)
Canadian statutory income tax rate	26%	26%
Expected tax recovery	(53,019)	(43,518)
Permanent differences and other	(812)	38,016
Change in unrecognized deferred income tax assets	53,831	5,502
Income tax provision	\$ —	\$ —

Details of deferred income tax assets and liabilities are as follows:

	2017	2016
Deferred income tax assets		
Non-capital losses carried-forward	\$ 669,217	\$ 623,616
Resource pools	65,503	65,503
Share issuance costs	8,230	—
Gross deferred income tax assets	742,950	689,119
Unrecognized deferred income tax assets	(742,950)	(689,119)
Net deferred income tax asset	\$ —	\$ —

The Company has non-capital losses carried forward of \$2,573,913 which are available to offset against taxable income in future years. These losses expire as follows:

2029	\$ 32,210
2030	358,839
2031	457,295
2032	545,952
2033	392,022
2034	387,775
2035	203,270
2036	21,161
2037	175,389
	<u>\$ 2,573,913</u>

The Company also has available mineral resource tax related expenditure pools totaling \$381,294 which may be deducted against future taxable income on a discretionary basis.

### 13. SUBSEQUENT EVENT

On May 15, 2017, the Company issued 140,000 common shares to settle accounts payable of \$21,000.