

CICADA VENTURES LTD.

Financial Statements

Years Ended January 31, 2017 and 2016

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cicada Ventures Ltd.

We have audited the accompanying financial statements of Cicada Ventures Ltd. which comprise the statements of financial position as at January 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 are 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 Cicada Ventures Ltd. as at January 31, 2017 and 2016 and its financial performance and its cash flows for the year 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 Cicada Ventures Ltd. to continue as a going concern.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 29, 2017

CICADA VENTURES LTD.

Statements of Financial Position
(Expressed in Canadian dollars)

	January 31, 2017 \$	January 31, 2016 \$
Assets		
Current assets		
Cash	226	3,211
Amounts receivable	8,667	7,934
Deposit	25,000	—
Total current assets	33,893	11,145
Non-current assets		
Exploration and evaluation assets (Note 3)	164,907	171,328
Total assets	198,800	182,473
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	1,394,846	963,777
Total liabilities	1,394,846	963,777
Shareholders' deficit		
Share capital	7,919,331	7,919,331
Share-based payment reserve	7,500	7,500
Deficit	(9,122,877)	(8,708,135)
Total shareholders' deficit	(1,196,046)	(781,304)
Total liabilities and shareholders' deficit	198,800	182,473

Nature of business and continuing operations (Note 1)

Contingency (Note 10)

Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board on May 29, 2017:

/s/ "Hayden Ross"

Hayden Ross, Director

/s/ "Sammy Cheng"

Sammy Cheng, Director

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

CICADA VENTURES LTD.Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended January 31, 2017 \$	Year ended January 31, 2016 \$
Expenses		
Administration fees (Note 4)	43,560	43,560
Business development	19,200	19,200
Consulting fees	19,200	19,200
Directors' fees (Note 4)	4,500	15,000
General and administrative (Note 4)	73,882	73,869
Interest	134,868	90,461
Professional fees	25,666	7,000
Regulatory compliance	43,200	43,200
Rent	31,368	31,368
Transfer agent and filing fees	9,355	9,859
Travel	9,943	8,802
Total expenses	(414,742)	(361,519)
Net loss and comprehensive loss	(414,742)	(361,519)
Loss per share, basic and diluted	—	—
Weighted average number of common shares outstanding	288,262,772	288,262,772

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

CICADA VENTURES LTD.Statements of Changes in Equity
(Expressed in Canadian dollars)

	Common Shares		Share-based payment reserve	Deficit	Total
	Number of shares	Amount \$	\$	\$	\$
Balance, January 31, 2015	288,262,772	7,919,331	7,500	(8,346,616)	(419,785)
Net loss for the year	—	—	—	(361,519)	(361,519)
Balance, January 31, 2016	288,262,772	7,919,331	7,500	(8,708,135)	(781,304)
Net loss for the year	—	—	—	(414,742)	(414,742)
Balance, January 31, 2017	288,262,772	7,919,331	7,500	(9,122,877)	(1,196,046)

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

CICADA VENTURES LTD.

Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended January 31, 2017 \$	Year ended January 31, 2016 \$
Operating activities		
Net loss	(414,742)	(361,519)
Changes in non-cash operating working capital:		
Amounts receivable	(733)	2,562
Deposit	(25,000)	—
Accounts payable and accrued liabilities	431,069	348,945
Net cash used in operating activities	(9,406)	(10,012)
Investing activities		
Exploration and evaluation asset expenditures	(5,835)	—
Proceeds from mineral exploration tax credits received	12,256	6,168
Net cash provided by investing activities	6,421	6,168
Decrease in cash	(2,985)	(3,844)
Cash, beginning of year	3,211	7,055
Cash, end of year	226	3,211
Non-cash investing and financing activities:		
Exploration and evaluation asset expenditures in accounts payable	—	500
Supplemental disclosures:		
Interest paid	—	—
Income taxes paid	—	—

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

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Cicada Ventures Ltd. (the "Company") was incorporated under the Canada Business Corporations Act on June 10, 1980, and has continued as a company under the Business Corporations Act of British Columbia. The Company's business objectives are the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange and is in the process of exploring its mineral properties. The address of the Company's corporate office and principal place of business is Suite 401, 850 West Hastings Street, Vancouver, British Columbia, Canada.

These financial statements have been prepared on the 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 January 31, 2017, the Company has not generated any revenues, has a working capital deficit of \$1,360,953, and has an accumulated deficit of \$9,122,877. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company 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.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS 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 reporting year. 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 years. These estimates are based on historical experience, current and future economic conditions, and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of share-based payments, and unrecognized deferred income tax assets.

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, twelve 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.

CICADA VENTURES LTD.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments (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.

(c) 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 amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and evaluation expenditures

(i) Exploration and evaluation expenditures

Asset acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of asset acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable. Payments relating to assets acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the financial statements upon payment.

Option payments received are treated as a reduction of the carrying value of the related asset until the Company's option and/or royalty payments received are in excess of costs incurred and then are credited to income.

All expenditures related to the cost of exploration and evaluation of assets including acquisition costs for interests in mineral claims are classified and capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be depreciated over the estimated useful life of the property following commencement of commercial production.

The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

(ii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carry amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 a 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.

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Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Exploration and evaluation expenditures (continued)

(ii) Impairment (continued)

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired, or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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.

(e) Reclamation and remediation provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit-of-production or straight-line method, depending on the asset to which the obligation relates.

The obligation is increased for accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

CICADA VENTURES LTD.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments

(i) Non-derivative financial assets

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

Loans and receivables

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

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets 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 marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- 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 amounts receivable, 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 amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount 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.

With the exception of available-for-sale equity instruments, 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 the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative 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 expired.

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.

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.

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(g) Income taxes

Current income tax

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

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 income 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.

(h) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)**(j) Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. As at January 31, 2017 and 2016, the Company has 140,000,000 potentially dilutive shares outstanding.

(k) Comprehensive loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the years ended January 31, 2017 and 2016, the Company did not have any items impacting comprehensive loss.

(l) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2017, and have not been applied in preparing these financial statements.

- IFRS 9, *Financial Instruments* (New)
- IFRS 2, *Share-based Payments* (Amended)

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.

3. Exploration and Evaluation Assets

	Iron Mask \$
Acquisition costs:	
Balance, January 31, 2015, 2016, and 2017	1,363
Exploration costs:	
Balance, January 31, 2015	175,633
Consulting	500
Mineral exploration tax credits	(6,168)
Balance, January 31, 2016	169,965
Consulting	5,835
Mineral exploration tax credits	(12,256)
Balance, January 31, 2017	163,544
Carrying amounts:	
Balance, January 31, 2016	171,328
Balance, January 31, 2017	164,907

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets (continued)

Iron Mask Property

The Company has a 100% working interest in the Iron Mask Property consisting of ten mineral claims situated in the Kamloops Mining Division, British Columbia which was acquired for \$6,000 and the issuance of 100,000 common shares of the Company with a fair value of \$40,000. During the year ended January 31, 2008, the carrying value of the property was written down to a nominal value of \$1.

In 2014, the Trustee that holds the rights to the Iron Mask Property refused to transfer the title to the Company. Accordingly, the Company filed a petition in the Supreme Court of British Columbia seeking an order that the Company's Iron Mask Property claims be transferred into the Company's name. On September 17, 2014, the issue was settled and the mineral claim titles were transferred into the Company's name.

On September 11, 2014, the Company completed the acquisition of 492 hectares of mineral claims in the Kamloops Mining Division for \$1,362. The new claims are located approximately 7 kilometers east of the Company's Iron Mask Property. During the year ended January 31, 2016, the claims were not renewed.

As at January 31, 2017, the Company has incurred total acquisition costs of \$47,362 (2016 - \$47,362) and total exploration costs of \$484,775 (2016 - \$478,940) on the Iron Mask Property.

4. Related Party Transactions

- (a) As at January 31, 2017, included in accounts payable and accrued liabilities is \$19,500 (2016 - \$21,750) due to the directors of the Company.
- (b) During the year ended January 31, 2017, the amount of \$43,560 (2016 - \$43,560) was incurred to a company controlled by the President of the Company for administration fees.
- (c) During the year ended January 31, 2017, the amount of \$4,500 (2016 - \$15,000) was incurred to the directors of the Company for directors' fees.
- (d) During the year ended January 31, 2017, the amount of \$750 (2016 - \$750) was incurred to the Chief Financial Officer of the Company for general and administrative fees.

5. Share Capital

Authorized: 400,000,000 common shares without par value.

6. Share Purchase Warrants

The following table summarizes the continuity of common share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, January 31, 2015, 2016, and 2017	140,000,000	0.10

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

Number of warrants outstanding	Exercise price \$	Expiry date
50,000,000	0.10	November 19, 2017
90,000,000	0.10	August 22, 2018
<u>140,000,000</u>		

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7. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended January 31, 2016.

8. Financial Instruments and Risks

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at January 31, 2017, as follows:

	Fair Value Measurements Using			Balance, January 31, 2017
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash	226	—	—	226

The fair values of other financial instruments, which include amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of potential loss to the Company if a counter-party 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 the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Amounts receivable consists of GST receivable from the Government of Canada. The carrying amount of these financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Foreign Exchange Rate and Interest Rate Risk

The Company is not currently exposed to foreign exchange or interest rate risk.

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 is subject to risks associated with fluctuations in the market price of commodities.

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9. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

10. Contingency

In May 2016, the Company filed a statement of claim against KGHM Ajax Mining Inc. ("KGHM") for breach of an agreement and for conducting alleged unauthorized exploration work on the Company's Iron Mask property. The Company alleges that, in September 2013, it entered into an agreement with KGHM to sell the Iron Mask mineral claims for \$1,350,000 and that KGHM breached the terms of the agreement and commenced unauthorized exploration activity on the Iron Mask property in October 2014. On November 27, 2014, KGHM applied to have its Mines Act permit amended to remove the requirement for permission from the Company. KGHM's Mines Act permit was amended on December 12, 2014 effectively evicting the Company off its own mineral tenure claims. The statement of claim is ongoing and although the Company is confident that they will be successful in this claim, the outcome of the claim is unknown and cannot be quantified.

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rates) of the significant temporary differences, which comprise of deferred income tax assets and liabilities, are as follows:

	2017 \$	2016 \$
Canadian statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(107,833)	(93,995)
Tax effect of:		
True up of prior year difference	11,284	3,652
Change in unrecognized deferred income tax assets	96,549	90,343
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities are as follows:

	2017 \$	2016 \$
Deferred income tax assets		
Non-capital losses carried forward	871,811	771,934
Property and equipment	708	708
Resource properties	75,353	75,353
Share issuance costs	1,560	4,888
Total gross deferred income tax assets	949,432	852,883
Unrecognized deferred income tax assets	(949,432)	(852,883)
Net deferred income tax asset	—	—

CICADA VENTURES LTD.

Notes to the Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

11. Income Taxes (continued)

As at January 31, 2017, the Company has non-capital losses carried forward of \$3,353,119 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2026	130,005
2027	156,823
2028	245,062
2029	262,038
2030	242,993
2031	267,676
2032	278,441
2033	347,034
2034	326,761
2035	337,825
2036	330,919
2037	427,542
	3,353,119

The Company also has available mineral resource related expenditure pools totalling \$454,727, which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Event

On March 27, 2017, the Company received proceeds from a loan agreement in the amount of \$250,000 from a non-related party. The loan bears interest at 12% per annum, with interest payable on January 1 and July 1 of each calendar year, and matures on March 26, 2022. The loan is secured by all of the Company's moveable property currently owned or hereafter acquired, and the Company's present and future income, accounts receivable, and securities, in the event that the Company is in default of any payment of principal and/or interest on the loan agreement.