



*(an exploration stage enterprise)*

**Condensed Consolidated Interim Financial Statements**

**Six months ended June 30, 2017 and 2016**

*(Unaudited - Expressed in Canadian Dollars)*

## **NOTICE OF NO AUDITOR REVIEW**

### **NOTICE TO READERS**

Under National Instrument 51-102, Part 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 condensed consolidated interim financial statements of Eros Resources Corp. (an exploration stage company) are the responsibility of the Company's management, are prepared in accordance with Canadian generally accepted accounting principles, and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors.

The Company's independent auditors have not performed an audit or review of these condensed consolidated interim financial statements.

**"Ron Stewart"**

Ron Stewart  
Chief Executive Officer

**"Andrew MacRitchie"**

Andrew MacRitchie  
Chief Financial Officer

Vancouver, British Columbia  
August 25, 2017

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(unaudited - expressed in Canadian dollars)

	Note	June 30, 2017	December 31, 2016
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 4,267,072	\$ 3,877,302
Accounts receivable		12,343	16,185
Prepaid expenses	7.c	904,446	87,916
Promissory notes receivable	10	92,052	86,335
		<b>5,275,913</b>	4,067,738
<b>Marketable securities</b>	5	<b>6,378,900</b>	7,720,330
<b>Reclamation bonds</b>		<b>26,179</b>	26,179
<b>Exploration and evaluation interests</b>	7	<b>4,182,859</b>	3,103,088
<b>Equipment</b>		<b>11,911</b>	13,161
		<b>\$ 15,875,762</b>	\$ 14,930,496
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 93,598	\$ 187,514
<b>Deferred income tax</b>		<b>3,738,735</b>	3,738,735
		<b>3,832,333</b>	3,926,249
<b>Shareholders' Equity</b>			
Capital stock	8	72,379,179	71,370,577
Contributed surplus	8	862,121	862,121
Accumulated other comprehensive income		(179,545)	1,765,457
<b>Deficit</b>		<b>(61,018,326)</b>	(62,993,908)
		<b>12,043,429</b>	11,004,247
		<b>\$ 15,875,762</b>	\$ 14,930,496

**Note 1: Going Concern****Note 12: Subsequent Event****On behalf of the Board:***"Tom MacNeill"*

Tom MacNeill, Director

*"Don Siemens"*

Don Siemens, Director

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

(unaudited - expressed in Canadian dollars)

		For the three months ended June 30		For the six months ended June 30	
	Note	2017	2016	2017	2016
<b>Expenses</b>					
Amortization		\$ 427	\$ 822	\$ 1,250	\$ 1,645
Consulting fees	9	16,500	2,828	37,500	24,248
Investor relations		250	10,500	21,250	21,000
Office and administration		12,255	12,643	24,828	25,896
Professional fees		53,820	57,016	57,191	60,158
Property research		6,083	65,867	11,191	67,220
Transfer agent and listing fees		6,730	3,797	26,652	11,298
Travel		302	716	7,318	2,209
Wages and benefits	9	82,744	12,314	169,234	24,631
		(179,111)	(166,503)	(356,414)	(238,305)
<b>Other items</b>					
Interest income		3,624	24,832	12,696	38,745
Gain (loss) on foreign exchange		33,199	(10,147)	20,117	(168,746)
Unrealized loss on marketable securities, held for trading		(18,148)	-	(17,330)	-
Gain on sale of marketable securities		1,462,954	196,247	2,316,513	234,010
<b>Net income (loss) for the period</b>		<b>1,302,518</b>	<b>44,429</b>	<b>1,975,582</b>	<b>(134,296)</b>
<b>Other comprehensive (loss) income</b>					
Unrealized gain (loss) on marketable securities		(687,174)	1,468,355	(148,646)	1,958,432
Transfer on sale of marketable securities		(1,449,525)	-	(1,796,356)	-
<b>Total Comprehensive (loss) income for the period</b>		<b>\$ (834,181)</b>	<b>\$ 1,512,784</b>	<b>\$ 30,580</b>	<b>\$ 1,824,136</b>
Basic and diluted income (loss) per share		\$ 0.03	\$ 0.00	\$ 0.05	\$ 0.00
<b>Weighted average number of common shares outstanding</b>		<b>42,642,019</b>	<b>41,866,354</b>	<b>42,260,576</b>	<b>41,866,354</b>

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(unaudited - expressed in Canadian dollars)

	<u>Capital Stock</u>		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2015	41,866,354	\$ 71,370,577	\$ 697,544	\$ (86,924)	\$ (59,930,137)	\$ 12,051,060
Items of comprehensive income	-	-	-	1,958,432	-	1,958,432
Net loss for the period	-	-	-	-	(134,296)	(134,296)
Balance at June 30, 2016	41,866,354	71,370,577	697,544	1,871,508	(60,064,433)	13,875,196
Balance at December 31, 2016	41,866,354	71,370,577	862,121	1,765,457	(62,993,908)	11,004,247
Private placement	6,486,750	1,008,602	-	-	-	1,008,602
Items of comprehensive income	-	-	-	(1,945,002)	-	(1,945,002)
Net income for the period	-	-	-	-	1,975,582	1,975,582
Balance at June 30, 2017	48,353,104	\$ 72,379,179	\$ 862,121	\$ (179,545)	\$ (61,018,326)	\$ 12,043,429

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(unaudited - expressed in Canadian dollars)

	For the three months ended		For the six months ended	
	June 30		June 30	
	2017	2016	2017	2016
<b>Cash from operating activities</b>				
Net income (loss) for the period	\$ 1,302,518	\$ 44,429	\$ 1,975,582	\$ (134,296)
Add back non-cash items:				
Amortization	428	822	1,250	1,645
Gain on sale of marketable securities	(1,462,954)	(197,247)	(2,316,513)	(234,010)
Unrealized loss on sale of marketable securities held for trading	18,148	-	17,330	-
(Gain) Loss on foreign exchange	(23,818)	157,598	(10,736)	-
Net changes in non-cash working capital items:				
Accounts receivable	3,891	22,066	(1,875)	16,754
Prepaid expenses	760,198	(8,562)	(816,530)	12,450
Accounts payable and accrued	(35,631)	(25,882)	(93,916)	(12,713)
<b>Cash from (used in) operating activities</b>	<b>562,780</b>	<b>(6,776)</b>	<b>(1,245,408)</b>	<b>(350,170)</b>
<b>Investing activities</b>				
Acquisition of marketable securities	(894,994)	(703,043)	(1,500,619)	(788,237)
Proceeds on sale of marketable securities	2,012,639	742,270	3,196,230	990,933
Exploration and evaluation expenditures	(932,997)	(772,771)	(1,079,771)	(902,017)
<b>Cash from (used in) investing activities</b>	<b>184,648</b>	<b>(733,544)</b>	<b>615,840</b>	<b>(699,321)</b>
<b>Financing activities</b>				
Proceeds from issuance of shares	1,008,602	-	1,008,602	-
<b>Cash from financing activities</b>	<b>1,008,602</b>	<b>-</b>	<b>1,008,602</b>	<b>-</b>
<b>Foreign exchange gain on cash</b>	<b>23,819</b>	<b>-</b>	<b>10,736</b>	<b>-</b>
<b>Increase (decrease) in cash during the period</b>	<b>1,779,849</b>	<b>(740,320)</b>	<b>389,770</b>	<b>(1,049,491)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>2,487,223</b>	<b>7,112,272</b>	<b>3,877,302</b>	<b>7,421,443</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 4,267,072</b>	<b>\$ 6,371,952</b>	<b>\$ 4,267,072</b>	<b>\$ 6,371,952</b>
<b>Cash and cash equivalents consist of:</b>				
Cash, Canadian equivalent (includes US\$23,962 - 2017)	\$ 4,267,072	\$ 4,171,952	\$ 4,267,072	\$ 4,171,952
Short-term deposits	-	2,200,000	-	2,200,000
	\$ 4,267,072	\$ 6,371,952	\$ 4,267,072	\$ 6,371,952
<b>Supplemental Cash Flow Information</b>				
Interest received	\$ 329	\$ 46,037	\$ 12,126	\$ 49,966

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

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended June 30, 2017 and 2016**

**(unaudited - expressed in Canadian dollars)**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Eros Resources Corp.'s ("Eros" or the "Company") principal business activities include the acquisition, exploration and development of natural resource properties in North America, with a focus on minerals, oil and gas. The Company's corporate office is located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3. Eros is a Tier 1 company on the TSX Venture Exchange ("TSX-V").

These condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's continuing operations, as intended, are dependent upon its ability to generate positive cash flow, principally by identifying, evaluating and negotiating an acquisition of or participation in an interest in properties, assets or businesses, developing them to positive cash flow, or disposing of them for a profit.

The business of mining and exploring for minerals, oil and gas involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable extraction operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The Company prepares its financial statements in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), and they are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements are presented in Canadian dollars and have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2016 as amended to comply with changes in accounting standards (Note 3). The disclosures which follow do not include all disclosures required for the annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2016. The unaudited condensed consolidated interim financial statements of Eros Resources Corp. for the six months ended June 30, 2017 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on August 25, 2017.

##### **Basis of presentation**

These condensed consolidated interim financial statements include the accounts of the Eros and its wholly owned subsidiaries, Blizzard Uranium Corp. ("Blizzard Uranium"), a company incorporated in British Columbia, Anthem Resources Incorporated ("Anthem"), a company incorporated in British Columbia, and Bell Mountain Exploration Corp. ("Bell Mountain"), a company incorporated in Nevada, USA.

These condensed consolidated interim financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss and available-for-sale, 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.

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2017 and 2016 (unaudited - expressed in Canadian dollars)**

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#### **3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

The following new standards, and amendments to standards and interpretations, were effective for the six months ended June 30, 2017, but did not result in any material change to the condensed consolidated interim financial statements:

*Accounting standards issued and effective January 1, 2017*

*IAS 7 Statement of Cash Flows – Disclosure Initiative*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

*IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The following new standards, and amendments to standards and interpretations, were not yet effective for the six months ended June 30, 2017, and have not been applied in preparing these condensed consolidated interim financial statements.

*Accounting standards issued and effective January 1, 2018*

*IFRS 9 Financial Instruments*

IFRS 9, which contains accounting requirements for financial instruments, will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. The main features of this standard include requirements in classification and measurement, impairment of financial assets, hedge accounting and derecognition of financial assets and liabilities. The Company is in the process of determining the impact of IFRS9 on its financial statements.

*Accounting standards issued and effective January 1, 2019*

IFRS 16 Leases: replaces IAS 17 “Leases” and the related interpretive guidance. The new standard will eliminate the current dual accounting model of leases by lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will, instead, distinguish between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, including a single on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low-value assets. Lessor accounting is not substantially changed. The Company expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. Such adjustments, however, are not yet quantifiable as the Company’s assets under lease may be different at the time of standard implementation.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company has classified its financial assets as follows:

	June 30, 2017			December 31, 2016		
Financial assets	Loans and receivables	FVTPL	Available-for-sale	Loans and receivables	FVTPL	Available-for-sale
Cash and cash equivalents	\$ -	\$ 4,267,072	\$ -	\$ -	\$ 3,877,302	\$ -
Marketable securities	-	855,542	5,523,358	-	872,871	6,847,459
Accounts receivable	12,343	-	-	16,185	-	-
Promissory notes receivable	92,052	-	-	86,335	-	-
	\$ 104,395	\$ 5,122,614	\$ 5,523,358	\$ 102,520	\$ 4,750,173	\$ 6,847,459

FVTPL and AFS assets are carried at fair value and loans and receivables are carried at amortized cost as at June 30, 2017 & December 31, 2016. The Company classifies its only financial liability - accounts payable and accrued liabilities - as *other financial liabilities* and carries it at amortized cost. The fair value of accounts receivable, promissory notes receivable and accounts payable approximate their fair value.

June 30, 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Marketable securities	\$ 5,823,358	\$ 555,542	\$ -	\$ 6,378,900

December 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Marketable securities	\$ 7,147,459	\$ 572,871	\$ -	\$ 7,720,330

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**Credit risk**

Credit risk is the risk that the Company will incur an unexpected loss as a result of the counterparty to a financial asset failing to meet their contractual obligations. The Company's financial assets that are exposed to credit risk are cash and cash equivalents, accounts receivable, exploration advance to Skeena Resources Ltd. and promissory notes receivable. The Company holds cash at a major Canadian financial institution in accordance with the Company's investment policy. Management considers credit risk on cash to be low, as the counterparties are highly rated Canadian banks.

## EROS RESOURCES CORP.

(an exploration stage enterprise)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and 2016

(unaudited - expressed in Canadian dollars)

#### 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

##### Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. Market risk to which the Company is exposed is as follows:

##### *Interest rate risk*

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

##### *Foreign currency risk*

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2016 and 2015, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	June 30, 2017	December 31, 2016
	US \$	US \$
Cash	23,961	839,199
Promissory Note	71,000	71,000
Accounts payable	(31,144)	(36,649)

Based on the above, assuming all other variables remain constant, a 10% strengthening of the Canadian dollar against the US dollar would have decreased the Company's comprehensive income by \$6,382 (2016 - \$87,355). A weakening of the Canadian dollar would have the opposite effect on the comprehensive income.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)****Market risk (continued)***Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. Changes in market prices of securities in the portfolio have a material effect on comprehensive income (loss). A 20% increase in the market prices of the Company's available-for-sale marketable securities would have increased the Company's comprehensive income by \$1,532,316 (2016 - \$1,369,492). A 20% decrease in the market prices of those securities would have decreased the Company's comprehensive income by the same amount.

**5. MARKETABLE SECURITIES**

<b>June 30, 2017</b>				
Company	Number of common shares	Available-for- sale securities	Other	Available-for- sale securities and other
Bullfrog Gold Corp.	6,750,000	853,259	\$ -	\$ 853,259
Canamex Resources Corp. convertible debentures	1,875,000	-	300,000	300,000
Nickel North Exploration Corp.	10,933,707	273,343	-	273,343
Skeena Resources Ltd. (Note 9)	48,690,111	2,434,506	-	2,434,506
Strongbow Exploration Inc.	1,600,000	272,000	-	272,000
Toachi Mining	1,250,000	481,250	-	481,250
Westcore (Note 9)	4,400,000	616,000	-	616,000
Other equities and warrants	-	593,000	555,542	1,148,542
		\$ 5,523,358	\$ 855,542	\$ 6,378,900

<b>December 31, 2016</b>				
Company	Number of common shares	Available-for- sale securities	Other	Available-for- sale securities and other
Canamex Resources Corp. convertible debentures	1,875,000	\$ -	\$ 300,000	\$ 300,000
Harte Gold Corp.	2,118,500	635,550	-	635,550
Nickel North Exploration Corp.	10,933,707	656,022	-	656,022
Skeena Resources Ltd. (Note 9)	48,690,111	3,408,308	-	3,408,308
Solgold PLC	2,475,000	979,079	-	979,079
Toachi Mining	1,000,000	355,000	-	355,000
Other equities and warrants	-	813,500	572,871	1,386,371
		\$ 6,847,459	\$ 872,871	\$ 7,720,330

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****5. MARKETABLE SECURITIES (continued)**

	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
AFS securities at fair value	\$	5,523,358	\$	6,847,459
Held-for-trading securities at fair value		855,542		872,871
	\$	6,378,900	\$	7,720,330

Securities were purchased and sold during the period, resulting in the realization of gains and losses.

The fair value of shares is determined by reference to closing prices on a stock exchange. The fair value of warrants is determined using the Black-Scholes option pricing model. The marketable securities portfolio includes warrants, which are classified as fair value through profit or loss. The warrants' fair values were estimated using the Black Scholes option pricing model using the following ranges of inputs:

	<b>2017</b>	<b>2016</b>
Stock price	Closing prices	Closing prices
Exercise price	\$0.05 to \$0.39	\$0.035 to \$0.35
Expected life	0.9 to 2.7 years	0.2 to 3.0 years
Annualized volatility	75% - 80%	80%
Dividend rate	0%	0%
Risk-free interest rate	0.75% to 1.10%	0.73% to 0.84%

**6. EXPLORATION ADVANCE TO SKEENA RESOURCES LIMITED**

In April 2015, the Company entered into an arrangement with Skeena to earn an interest in Skeena's Spectrum-GJ property by spending \$1,500,000 on exploration. The arrangement contained exclusivity terms and a conversion option. The funds were to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures ("CEE"). Upon completion of the earn-in the parties had 30 days to negotiate a joint venture agreement, whereby Skeena would continue to be the operator and the Company would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Under the terms of the agreement, since the Company and Skeena were unable to negotiate an agreement, the 8.7% interest was converted to 25,000,000 common shares of Skeena in April 2016.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****7. EXPLORATION AND EVALUATION INTERESTS**

The investment in exploration and evaluation assets to June 30, 2017 has been capitalized as follows:

	British Columbia	Saskatchewan	Quebec (Chateau Fort)	Newfoundland and Labrador	Nevada	<b>Total</b>
Commodity	gold	uranium (2015) & oil (2017)	gold*	uranium	gold-silver	
Balance at December 31, 2015	-	3,212,756	24,565	1	2,025,912	5,263,234
<b>Additions</b>						
Acquisition costs	6,500	-	-	-	259,500	266,000
Staking and maintenance	-	-	-	-	61,295	61,295
Expense recovery royalties	-	-	-	-	20,000	20,000
Geology/ geophysics	-	-	-	-	303,973	303,973
Analyses and assays	-	-	-	-	68,690	68,690
Field support	-	-	-	-	105,675	105,675
Environmental and socio-economic	-	-	-	-	226,978	226,978
Total additions for the period:	6,500	-	-	-	1,046,111	1,052,611
Write-off of exploration and evaluation assets	-	(3,212,756)	-	(1)	-	(3,212,757)
Balance at December 31, 2016	\$ 6,500	\$ -	\$ 24,565	\$ -	\$ 3,072,023	\$ 3,103,088
<b>Additions</b>						
Oil & Gas Drilling	-	655,843	-	-	-	655,843
Oil & Gas Completion	-	39,872	-	-	-	39,872
Oil & Gas Wellhead	-	18,069	-	-	-	18,069
Staking and maintenance	-	14,198	-	-	17,578	31,776
Geology/ geophysics	-	-	-	-	215,589	215,589
Field support	-	-	-	-	39,032	39,032
Environmental and socio-economic	-	-	-	-	79,590	79,590
Total additions for the period:	-	727,982	-	-	351,789	1,079,771
Balance at June 30, 2017	\$ 6,500	\$ 727,982	\$ 24,565	\$ -	\$3,423,812	\$4,182,859

\*The Company also has some uranium assets in Quebec but these are carried at zero book value.

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended June 30, 2017 and 2016**

**(unaudited - expressed in Canadian dollars)**

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#### **7. EXPLORATION AND EVALUATION INTERESTS (continued)**

##### **Realization of exploration and evaluation assets**

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment and maintenance of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. There can be no assurance that compensation will be received for properties that have been or may be expropriated. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or if the claims are allowed to lapse.

##### **Title to exploration and evaluation interests**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties, and, to the best of its knowledge, title to its properties are in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

##### **Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended June 30, 2017 and 2016**

**(unaudited - expressed in Canadian dollars)**

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## **7. EXPLORATION AND EVALUATION INTERESTS (continued)**

### **a. Nevada**

In August 2016, the Department of the Navy of the United States Department of Defense issued a notice of its intent to conduct an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex. The Company's Bell Mountain Project consists of unpatented mining claims that are located on federal lands within the proposed EIS area. As part of the process, the Company has been advised to cease work on the impacted land. As part of the public consultation process, the company contributed a comment letter providing alternatives that would accommodate the Company's valid legal entitlement to explore the Bell Mountain Project. In addition, preliminary analysis indicates that, while the Eastgate property is not captured by the planned expansion, it is anticipated that the potential loss of synergies with Bell Mountain will make the development of the Eastgate property alone more challenging. While not assured, the Company has a history of successfully obtaining compensation from governments when exploration rights are infringed upon. Should the expansion of the Fallon Range Training Complex cause the Company's exploration rights to be rescinded, the Company intends to seek appropriate compensation.

#### *Bell Mountain Property*

The Company has earned 100% ownership of the Bell Mountain gold-silver property. An Advance Royalty Payment of \$20,000 is due annually on June 15 until such time as there is production from the property (paid during the year ended December 31, 2016). Due to the Department of the Navy's proposed EIS regarding the expansion of the Fallon Range Training Complex, exploration activities at Bell Mountain are on hold, and collection of the advance royalty has been deferred by the royalty-holder.

#### *Eastgate Property*

On May 25, 2015, the Company acquired a 30% interest in the Eastgate property in two transactions totalling US\$450,000. During the year ended December 31, 2016, the Company made a second payment of US\$200,000 to increase its property interest to 45%. The property is in close proximity to Bell Mountain, and therefore exploration activities at Eastgate are also on hold as anticipated synergies may be lost as a result of the Department of the Navy's proposed EIS.

### **b. British Columbia**

#### *KET and REN claims*

The Company held a 100% interest in the Ket and Ren claims in southern British Columbia. Acquired for their uranium potential, these claims were inactive following the British Columbia Government's announcement in April 2008 and the March 2009 Order in Council regarding a ban on uranium and thorium exploration and development. In 2016, the Company was successful in obtaining compensation from the British Columbia Government for the loss of its right to develop these properties, and recorded a recovery of \$159,975 during the year ended December 31, 2016 from the British Columbia Government in relation to this matter.

#### *Golden Triangle*

The Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC during the year ended December 31, 2016.

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#### **7. EXPLORATION AND EVALUATION INTERESTS (continued)**

##### **c. Saskatchewan**

###### *Flaxcombe – heavy oil*

On February 6, 2017, Eros agreed to fund the drilling of three vertical wells into the Flaxcombe heavy oil field, owned by Westcore Energy Ltd. (“Westcore”) at an estimated cost of \$1.6 million. This amount has been funded and the unspent portion is shown as part of prepaid expenses. According to the terms of the agreement with Westcore, Eros will hold a 90% working interest in the wells until its investment is recovered, and will hold a 50% interest thereafter. In addition, Eros retains a right of first refusal to participate on the same terms on two subsequent drill programs on the Flaxcombe field. Westcore is a related party by virtue of having a director in common with the Company.

###### Saskatchewan uranium interests

Due to the dilution of the Company’s interests coupled with continued challenges in the uranium exploration markets, Saskatchewan uranium-exploration and evaluation costs of \$3,212,756 were no longer estimated to be recoverable and accordingly were written off during the year ended December 31, 2016 in accordance with Level 3 of the fair value hierarchy.

###### *Hatchet Lake and Murphy Lake Joint Ventures*

The Company has an interest in two joint venture properties with Denison Mines Corp. (“Denison”) as operator, located on the Wollaston Trend at the northeast margin of the Athabasca Basin. The Company elected not to contribute to either program for 2015 or 2016. Program expenditures for 2016 have brought Eros to a 29.89% joint venture interest for Hatchet Lake, and 21.04% for Murphy Lake with further dilution expected for 2017.

###### *Wollaston Trend*

The Company has a 2% net smelter return royalty (“NSR”) interest on 44 claims of uranium exploration lands along the Wollaston Trend underlying the southeast margin of the Athabasca Formation. Denison retains the right to purchase one-half of the NSR at any time for \$1,000,000.

###### *Athabasca Basin*

The Company has a 100% interest in six claim groups in the Athabasca Northern Basin of Saskatchewan. Some of the claims are subject to a non-participating, non-voting, carried 0.5% NSR.

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### **Notes to the Condensed Consolidated Interim Financial Statements**

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#### **7. EXPLORATION AND EVALUATION INTERESTS (continued)**

##### **d. Quebec**

###### *Otish Mountains*

The Company holds a 100% interest in the Otish Mountains uranium property. With the moratorium on uranium development in Quebec, the Company has written their investment in the property down to zero, but the Company continues to evaluate the changing circumstances in this area in order to identify opportunities to obtain a return on its investment in the region.

###### *Chateau Fort Gold*

The Chateau Fort gold property is 18,867 hectares in size and is located in central Quebec. On March 24, 2015, the Company announced that it had optioned the property to Tarku Resources Ltd. ("Tarku"). Under the terms of the agreement, Tarku can earn a 100% interest in the Property, subject to certain underlying diamond rights and Net Smelter Return Royalties. In return Tarku shall pay \$100,000 in cash (\$15,000 paid) and 8 million Tarku shares (2,000,000 paid) in staged payments over four years. During 2016, Tarku repaid a promissory note owed, and renegotiated the terms of the option on Chateau Fort Gold, dropping the requirement for further payments in cash or shares.

Eros retains a 2% Net Smelter Return Royalty on claims not subject to other underlying agreements, of which 1% can be bought down for payment of \$2 million. In addition, Eros retains the right to maintain its pro rata percentage ownership of Tarku via future financings, and retains a right of first refusal on third party offers to purchase the Property.

#### **8. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

##### **Authorized**

Unlimited number of common shares without par value

##### **Shares and warrants issued**

On June 19, 2017, Eros closed a non-brokered private placement financing via the issuance of 6,486,750 units at a price of CDN \$0.16 per unit. Each unit consists of one common share and one half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at an exercise price of \$0.25 until June 19, 2019, and at \$0.30 for an additional year, until June 19, 2020. Finders fees of \$24,088 were paid to certain finders in conjunction with this placement.

##### **Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants. Pursuant to the policies of the TSX-V, the Company is authorized to grant options to acquire up to 10% of its issued and outstanding common shares. The exercise price of each option granted under the plan is greater than or equal to the closing market price of the Company's shares on the date of each grant. The maximum term of each option is five years.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The following weighted average assumptions were used in the calculation of fair value of granted options:

	<b>2017</b>	<b>2016</b>
Stock price	n/a	\$0.20
Exercise price	n/a	\$0.20
Expected life	n/a	5 years
Annualized volatility	n/a	77.67%
Dividend rate	n/a	0%
Risk-free interest rate	n/a	0.65%

**Share-based payments**

Stock option transactions are summarized as follows:

	<b>Stock Options</b>	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2015	2,362,500	\$ 0.157
Granted	1,325,000	\$ 0.20
Outstanding, December 31, 2016	3,687,500	\$ 0.173
Cancelled	(562,500)	(\$ 0.149)
Outstanding, June 30, 2017	3,125,000	\$ 0.177
Number currently exercisable	3,125,000	\$ 0.177

On August 16, 2016, the Company granted 1,325,000 incentive stock options to directors and officers of the Company which will expire on August 16, 2021 with an exercise price of \$0.20. All the options vested immediately. During the quarter ended June 30, 2017, 562,500 stock options were cancelled, comprised of 225,000 exercisable at \$0.1733 until June 2020, and 337,500 exercisable at \$0.1333 until March 2019. In addition, options were exercised subsequent to June 30, 2017 (Note 12).

At June 30, 2017, stock options were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
March 10, 2014	525,000	\$ 0.1333	March 10, 2019
May 22, 2014	225,000	\$ 0.16	May 22, 2019
June 3, 2015	375,000	\$ 0.1733	June 3, 2020
June 5, 2015	675,000	\$ 0.1733	June 5, 2020
August 16, 2016	1,325,000	\$ 0.20	August 16, 2021
	3,125,000		

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)****8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

As at December 31, 2016, stock options outstanding were as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
March 10, 2014	862,500	\$ 0.133	March 10, 2019
May 22, 2014	225,000	\$ 0.160	May 22, 2019
June 3, 2015	375,000	\$ 0.1733	June 3, 2020
June 5, 2015	900,000	\$ 0.1733	June 5, 2020
August 16, 2016	1,325,000	\$ 0.20	August 16, 2021
	3,687,500		

**Share purchase warrants**

Share purchase warrant activity is summarized as follows:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2016 and 2016	0	-
Issued with private placement	3,243,375	\$ 0.25
Outstanding, June 30, 2017	3,243,375	\$ 0.25
Number currently exercisable	--	\$ 0.25

The fair value of the warrants was determined using the residual value method.

## EROS RESOURCES CORP.

(an exploration stage enterprise)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and 2016

(unaudited - expressed in Canadian dollars)

#### 9. RELATED PARTY TRANSACTIONS AND BALANCES

##### Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the six months ended June 30, 2017 and 2016 was as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2016
Share-based compensation	\$ -	\$ -
Director remuneration <sup>1</sup>	\$ 41,921	\$ 24,631
Officer remuneration <sup>1</sup>	\$ 165,813	\$ 52,240

<sup>1</sup> Remuneration consists exclusively of salaries, bonuses, health benefits and consulting fees.

In addition to the amounts in the above table, \$14,539 (2016 - \$22,392) was paid to Skeena in exchange for office rent and certain administrative and accounting services provided to the Company.

The Company subscribed for 18,750,000 units of Skeena at a price of \$0.08 per unit, in a private placement which closed on July 22, 2016. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable for a period of three years at \$0.12 in the first year, \$0.14 in the second year, and \$0.16 in the third year.

On February 8, 2017, Eros exercised two million warrants in Westcore at an exercise price of \$0.15. Prior to the transaction, Eros owned two million common shares of Westcore, and two million warrants, exercisable at \$0.15 for common shares of Westcore. This represented a 6.85% undiluted, or 12.82% partially diluted ownership percentage of Westcore. Through the exercise of these warrants, Eros's ownership of Westcore increased to four million common shares, representing 12.82% of the 31,193,689 outstanding shares of Westcore. Also, on May 16, 2017, Eros purchased an additional 400,000 units of Westcore at a price of \$0.15 per unit, with each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.25 until May 16, 2019.

See also Note 6, in relation to the earning of an interest in a property of Skeena's; Note 7 in relation to the Chateau Fort gold property, optioned to Tarku, and the Flaxcombe project interest acquired from Westcore; and Note 10 in relation to promissory notes receivable from Tarku and Lincoln. Tarku was related to Eros at the time that these transactions occurred, and Skeena, Westcore, and Lincoln each are related to Eros by virtue of having at least one director or officer in common with Eros.

#### 10. PROMISSORY NOTES RECEIVABLE

The Company has a promissory note agreement with Lincoln Mining Corporation ("Lincoln") under which the Company is owed principal of US\$71,000. The promissory note bore interest at the rate of 6% per annum until June 30, 2016, and 9% thereafter, and is due for repayment on September 15, 2017.

On September 8, 2015, the Company issued a promissory note totalling \$54,938 to Tarku, which was at the time a company related by a common director. The note bore interest of 10% per annum and was repaid in July 2016.

**EROS RESOURCES CORP.**

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**Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended June 30, 2017 and 2016****(unaudited - expressed in Canadian dollars)**

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**11. CAPITAL DISCLOSURES**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties and other strategic investments. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as shareholders' equity. The Company is not exposed to any capital requirements.

The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. In addition, the Company evaluates investment opportunities, as well as existing investments, for suitability and potential on an on-going basis. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital risk management approach changed moderately during the year ended December 31, 2016 as the Company deployed additional funds into marketable securities, and has remained consistent during the period ended June 30, 2017. There were no capital restrictions in the year ended December 31, 2016, or the period ended June 30, 2017, and the Company had no debt.

**12. SUBSEQUENT EVENT**

On July 31, 2017, 93,750 stock options were exercised at \$0.1333 per share for proceeds to the Company of \$12,500.