
MINFOCUS EXPLORATION CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED AUGUST 31, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)
UNAUDITED

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Minfocus Exploration Corp. (the "Company") are the responsibility of the Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

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

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

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

(s) Gerald Harper
Chief Executive Officer

Toronto, Canada

October 27, 2017

(s) Gavin Cooper
Chief Financial Officer

Minfocus Exploration Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	August 31 2017 \$	February 28 2017 \$
ASSETS		
Current assets		
Cash (Note 7)	30,315	7,129
Amounts receivable and prepaid expenses	7,354	22,475
Total current assets	<u>37,669</u>	<u>29,604</u>
Equipment (Note 6)	11,270	12,520
Interest in exploration properties and exploration and evaluation expenditures (Note 7)	1,940,869	1,879,056
Total assets	<u><u>1,989,808</u></u>	<u><u>1,921,180</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables (Note 10(b))	124,079	490,137
Loan (Note 10(d))	-	106,975
Total liabilities	<u>124,079</u>	<u>597,112</u>
Shareholders' equity		
Issued capital (Note 8)	6,944,782	6,404,964
Equity reserve (Note 8)	130,059	108,833
Deficit	(5,209,112)	(5,189,729)
Total shareholders' equity	<u>1,865,729</u>	<u>1,324,068</u>
Total shareholders' equity and liabilities	<u><u>1,989,808</u></u>	<u><u>1,921,180</u></u>

Going concern (Note 1)
 Commitments and contingencies (Notes 7 and 12)

These financial statements were approved by the Board of Directors and authorized for issue on October 27, 2017.

 (s) *Gerald Harper*, Director

 (s) *Kenneth de Graaf*, Director

The notes to the consolidated financial statements are an integral part of these statements.

Minfocus Exploration Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the periods ended

	Three months ended August 31 2017 \$	Three months ended August 31 2016 \$	Six months ended August 31 2017 \$	Six months ended August 31 2016 \$
General and administrative expenses				
Professional fees	1,458	8,051	3,037	16,199
Office and administrative (Note 10)	16,692	18,601	32,906	40,306
General exploration	(196)	-	403	-
Depreciation	625	783	1,250	1,565
Interest	60	1,605	2,570	2,300
Total general and administrative expenses	18,639	29,040	40,166	60,370
Other				
Write-off of accounts payable (Note 10)	(20,783)	-	(20,783)	-
Net (income)/loss and comprehensive (income)/loss	(2,144)	29,040	19,383	60,370
Basic and diluted net (income)/loss per share (Note 9)	(0.00)	0.00	0.00	0.00

The notes to the consolidated financial statements are an integral part of these statements.

Minfocus Exploration Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the quarters ended

	August 31 2017 \$	August 31 2016 \$
Cash flows from operating activities		
Net loss for the period	(19,383)	(60,370)
Non-cash adjustments:		
Depreciation	1,250	1,565
Write-off of accounts payable	(20,783)	-
Non-cash working capital items:		
Amounts receivable	15,121	(10,838)
Trade and other payables	49,068	(8,489)
Cash flows from operating activities	<u>25,273</u>	<u>(78,132)</u>
Cash flows from financing activities		
Loan	33,077	45,053
Issue of common shares net of costs	73,700	239,640
Cash flows from financing activities	<u>106,777</u>	<u>284,693</u>
Cash flows from investing activities		
Interest in exploration properties and exploration and evaluation expenditures	(108,864)	(187,004)
Cash flows from investing activities	<u>(108,864)</u>	<u>(187,004)</u>
Net change in cash	23,186	19,557
Cash, beginning of period	7,129	4,518
Cash, end of period	<u><u>30,315</u></u>	<u><u>24,075</u></u>
Supplemental information:		
Change in accounts payable attributable to property exploration	(72,052)	7,800
Common shares issued for debt (Notes 8(b)(v))	462,344	-
Common shares issued for interest in exploration and evaluation properties (Note 7 and Note 8(b)(iii))	25,000	-

The notes to the financial statements are an integral part of these consolidated financial statements.

Minfocus Exploration Corp.**Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)****For the quarters ended August 31, 2017 and 2016**

	Number of Shares	Issued Capital \$	Equity Reserve \$	Deficit \$	Total \$
Balance, February 29, 2016	48,440,592	6,223,549	311,562	(5,339,458)	1,195,653
Private placements (Note 8(b)ii))	10,000,000	239,640	-	-	239,640
Warrants issued (Note 8(b)ii))	-	(88,225)	88,225	-	-
Shares issued for exploration and evaluation properties (Note 8(b)(i))	600,000	25,000	-	-	25,000
Net loss for the period	-	-	-	(60,370)	(60,370)
Balance, August 31, 2016	59,040,592	6,339,964	399,787	(5,399,828)	1,399,923
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Balance, February 28, 2017	59,340,592	6,404,964	108,833	(5,189,729)	1,324,068
Private placements (Note 8(b)(iv))	3,100,000	73,700	-	-	73,700
Warrants issued (Note 8(b)(iv))	-	(21,226)	21,226	-	-
Shares issued debt (Note 8(b)(v))	9,246,895	462,344	-	-	462,344
Shares issued for exploration and evaluation properties (Note 8(b)(iii))	1,200,000	25,000	-	-	25,000
Net loss for the quarter	-	-	-	(19,383)	(19,383)
Balance, August 31, 2017	72,887,487	6,944,782	130,059	(5,209,112)	1,865,729

The notes to the consolidated financial statements are an integral part of these statements.

Minfocus Exploration Corp.

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

August 31, 2017 and 2016

1. Nature of operations and going concern

Minfocus Exploration Corp. (“Minfocus Exploration” or the “Company”) was incorporated under the British Columbia Business Corporations Act on May 6, 2010. The Company completed its Initial Public Offering (“IPO”) on October 19, 2010 and its shares were listed on the TSX Venture Exchange (the “TSXV”) on October 21, 2010. The Company is principally engaged in the business of exploring and developing base and precious metal mineral properties. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. The head office of the Company is located at 300 New Toronto Street, Suite 2, Toronto, Ontario, M8V 2E8.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation properties and the Company's continued existence 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 additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to social and government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business.

As at August 31, 2017 the Company has not earned revenue and has an accumulated deficit of \$5,209,112, had cash of \$30,315 and negative working capital of \$86,410. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

Minfocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

2. Summary of significant accounting policies

(a) Statement of compliance

The consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended February 28, 2017. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

(b) Basis of presentation and consolidation

The consolidated financial statements have been prepared on the historical cost basis, except for cash equivalents which are reflected at fair value as set out in the accounting policies below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements include the financial statements of the Company and its wholly owned Canadian subsidiaries Minfocus International Inc. (“Minfocus International”) and 2244223 Ontario Inc. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(c) New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after March 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. Critical judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Capitalization of exploration and evaluation expenditures

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 7 for details of capitalized exploration and evaluation expenditures.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Estimation of decommissioning and restoration costs and the timing of expenditures

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

3. Critical judgements and estimation uncertainties (Continued)

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

4. Capital management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of platinum and palladium resource assets. 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 team to sustain the future development of the business. The Company considers its capital to be equity, which comprises issued capital, equity reserve and accumulated deficit, which totaled \$1,865,729 at August 31, 2017 and \$1,324,068 at February 28, 2017.

The Company invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Company is currently attempting to identify economic base and precious metal resources with an emphasis on zinc, platinum and nickel and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the periods ended August 31, 2017 and August 31, 2016.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of August 31, 2017, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Minifocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

5. Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and metals price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes in the risks, objectives, policies and procedures from the previous year.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at August 31, 2017, the Company had a cash balance of \$30,315 to settle current liabilities of \$124,079. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has no other contractual obligations other than trade and other payables. As discussed in Note 1, the Company's ability to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt, other than the loan described in Note 10(d). The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of select major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is minimal.

(c) Commodity price risk

The Company is exposed to price risk with respect to base (copper, nickel and zinc) and platinum-group element (PGE) metal prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to price movements and volatilities. The Company closely monitors prices to determine the appropriate course of action to be taken by the Company.

(d) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with amounts receivable, which is comprised primarily of GST/HST receivable due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to amounts receivable is low.

Minfocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

5. Financial risk factors (Continued)**Sensitivity analysis**

As of August 31, 2017 and February 28, 2017, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material movements for the period ended August 31, 2017 as a result of changes in interest and foreign exchange rates.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of base (copper, nickel and zinc) and platinum-group element (PGE) metals. The prices of these metals have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of base and precious metals with an emphasis on base (copper, nickel and zinc) and platinum-group element (PGE) metal may be produced in the future, a profitable market will exist for them. As of August 31, 2017 and February 28, 2017, the Company was not a producer of any metals. As a result, base and precious metals with an emphasis on zinc, platinum and nickel price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

6. Equipment

August 31, 2017	Cost	Accumulated Depreciation	Net Book Value
Exploration and evaluation equipment	\$ 36,617	\$ 25,347	\$ 11,270

February 28, 2017	Cost	Accumulated Depreciation	Net Book Value
Exploration and evaluation equipment	\$ 36,617	\$ 24,097	\$ 12,520

Minfocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

7. Interest in exploration properties and exploration and evaluation expenditures

	Nipigon Reefs	Coral	Myst Metals	Peregrine	Total
AUGUST 31, 2017					
<i>Acquisition costs</i>					
Balance, February 28, 2017	\$ 258,675	\$ 5,000	\$ 20,000	\$ 7,000	\$ 290,675
Acquisition and staking costs	9,000	12,000	-	9,000	30,000
Balance, August 31, 2017	267,675	17,000	20,000	16,000	320,675
<i>Exploration expenditures</i>					
Balance, February 28, 2017	1,174,376	396,226	17,779	-	1,588,381
Consultants	-	12,600	-	14,900	27,500
Equipment rental	1,800	-	-	-	1,800
Supervision	-	5,875	-	4,000	9,875
Supplies	-	184	-	359	534
Travel, meals	-	-	-	4,291	4,291
Assay	-	1,096	-	-	1,096
Tax credit	-	(13,284)	-	-	(13,284)
Balance, August 31, 2017	1,176,176	402,689	17,779	23,550	1,620,194
Balance, August 31, 2017	\$ 1,443,851	\$ 419,689	\$ 37,779	\$ 39,550	\$ 1,940,869
FEBRUARY 28, 2017					
<i>Acquisition costs</i>					
Balance, February 29, 2016	\$ 238,675	\$ -	\$ 17,000	\$ -	\$ 255,675
Acquisition and staking costs	20,000	5,000	3,000	7,000	35,000
Balance, February 28, 2017	258,675	5,000	20,000	7,000	290,675
<i>Exploration expenditures</i>					
Balance, February 29, 2016	1,171,025	71,595	17,449	-	1,260,069
Assays	-	2,121	330	-	2,451
Consultants	-	31,774	-	-	31,774
Equipment rental	3,351	755	-	-	4,106
Drilling and trenching	-	141,694	-	-	141,694
Supervision	-	62,250	-	-	62,250
Supplies	-	1,970	-	-	1,970
Transport and fuel	-	34,410	-	-	34,410
Travel	-	49,657	-	-	49,657
Balance, February 28, 2017	1,174,376	396,226	17,779	-	1,588,381
Balance, February 28, 2017	\$ 1,433,051	\$ 401,227	\$ 37,779	\$ 7,000	\$ 1,879,056

Minifocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

7. Interest in exploration properties and exploration and evaluation expenditures (Continued)

Nipigon Reefs Property, Ontario

The Nipigon Reefs Property is an exploration project in the Thunder Bay Mining Division of Northwestern Ontario. The property comprises the claims previously referred to as the Springlet Lake Prospect plus the Seagull North Prospect, which was optioned, and additional unpatented claims that were subsequently staked for the Company. All unpatented claims are subject to minimum annual work commitments of \$400/unit and if those work commitments are not met, these claims will begin to expire in November 2017. The optioned claims are also subject to work and payment commitments to the vendors: Canadian International Pharma Corp., Rainy Mountain Royalty Corp. and White Metal Resources as shown in the table below in order to earn the initial 55% interest in the mineral rights.

February 22, 2011	Contract signed.	Completed
by February 28, 2011	Aggregate cash payments of \$55,000 (paid) and issuance of 50,000 common shares (issued and valued at \$20,000).	Completed
by February 22, 2012 (amended below)	Consideration that is the equivalent to \$25,000 in cash and/or shares of the Company (paid in shares); and incur an aggregate of \$250,000 of expenditures (amended below).	Completed
by April 30, 2012	Minimum commitment to incur \$250,000 of aggregate expenditures per above extended from February 22, 2012 to April 30, 2012 (incurred).	Completed
by February 22, 2013	Consideration that is the equivalent of \$25,000 cash and/or shares (paid \$12,500 and issued 416,667 shares) of the Company; and incur an additional \$250,000 of expenditures (incurred).	Completed
by February 22, 2014 (amended below)	Consideration that is the equivalent of \$25,000 cash and/or shares of the Company (paid in shares); and incur an additional \$250,000 of expenditures (amended below).	Completed
by August 31, 2014	Commitment to incur an additional \$250,000 of expenditures per above extended from February 22, 2014 to August 31, 2014 (incurred).	Completed
by February 22, 2015 (amended below)	Commitment to incur an additional \$250,000 of expenditures by February 22, 2015 extended to September 30, 2015. As consideration for the extension, the Company issued 1,000,000 common shares to the optionors.	Common shares issued
by September 30, 2015 (amended below)	Commitment to incur an additional \$250,000 of expenditures by September 30, 2015 extended to September 30, 2017. As consideration for the extension, the Company issued 500,000 common shares to the optionors.	Common shares issued
by September 30, 2017 (amended below)	Commitment to incur an additional \$250,000 of expenditures by September 30, 2017 extended to September 30, 2018. As consideration for the extension, the Company issued 600,000 common shares to the optionors.	Common shares issued
by September 30, 2018	Incur an additional \$250,000 of expenditures as extended from September 30, 2017 above.	Pending

If the Company incurs a cumulative expenditure balance of \$3,000,000 and issues an additional 1,000,000 shares to the optionors before September 30, 2019, it may earn a 70% undivided interest in the mineral rights. Thereafter each optioner has the right to contribute its proportion of ongoing expenditures or forfeit its proportionate interest and convert to a one percent royalty, which royalty may be purchased by the Company under certain conditions.

Minfocus Exploration Corp.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
August 31, 2017 and 2016

7. Interest in exploration properties and exploration and evaluation expenditures (Continued)

Coral Zinc Project, British Columbia

In January 2015, the Company entered into an agreement under the terms of which it has an option to earn up to an initial 60% interest in the Coral Zinc Project, a zinc project situated in northern British Columbia. The optioned claims are also subject to work and payment commitments to the vendors as shown in the table below in order to earn the initial 60% interest in the mineral rights. The Coral tenures are in good standing with the BC Ministry of Energy & Mines until September 2024. Two of the optionors are directors and officers of the Company (See Note 10(e)).

January 19, 2015	Contract signed.	Completed
by September 30, 2015	Commitment to incur \$50,000 of expenditures.	Completed
by September 30, 2016	Commitment to incur an additional \$100,000 of expenditures.	Completed
by September 30, 2017	Commitment to incur an additional \$300,000 of expenditures and pay the optionors consideration that is the equivalent of \$20,000 cash and/or shares, at which stage the Company will be deemed to have earned a 20% interest (400,000 shares issued).	Completed
by September 30, 2018	Commitment to incur an additional \$550,000 of expenditures and pay the optionors consideration that is the equivalent of \$40,000 cash and/or shares, at which stage the Company will be deemed to have earned a 40% interest.	Pending
by September 30, 2019	Commitment to incur an additional \$1,000,000 of expenditures and pay the optionors consideration that is the equivalent of \$100,000 cash and/or shares, at which stage the Company will be deemed to have earned a 60% interest.	Pending

After the Company has earned the initial 60% interest, should the optionors not contribute their full pro-rata share of any work program expenditures, the Company can earn an additional 10% interest by expending an additional \$1,000,000 within two years thereafter. The project is subject to a 3% net smelter royalty ("NSR") of which 2% can be bought for \$4,000,000. During the year ended February 28, 2017, the Company allowed certain claims to lapse and as compensation, issued 500,000 shares to the vendors, valued at \$5,000. In August 2017, the Company issued 400,000 shares to acquire an initial 20% of the property.

The Company has pledged a \$10,000 GIC as security under a safekeeping agreement with the Ministry of Finance, British Columbia relating to the application for permits on the Coral Zinc Project. This amount is included in cash on the statement of financial position.

Myst Metals Property, British Columbia

In October 2014, the Company entered into a letter of agreement under the terms of which it has an option to earn a 100% interest in the Myst Metals Nickel Property, a nickel project situated in northern British Columbia. To earn the interest, the Company is required to make cash payments of \$7,000 and issue 400,000 shares to the optionor over a period of two years. The Company has made the payments and has issued the required shares and has therefore earned the interest in the property. The work undertaken on the property is sufficient to maintain the tenure in good standing until May 2018. The optionor retains a 2% NSR on production from the property.

Peregrine Project, British Columbia

The project comprises optioned claims supplemented by claims staked by the Company. In January 2017, the Company entered an option earn-in agreement on the Peregrine Project, in southeastern British Columbia. Minfocus can earn a 100% interest over a period of two years by making optional staged payments totaling \$10,000 cash (paid) and issuing 1,000,000 shares (300,000 issued) plus the grant of a 2% NSR. The Company has the option to repurchase up to 1% of the NSR for \$1,000,000 after commercial production. The Peregrine tenures remain in good standing until December 2017.

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8. Share capital

Common Shares

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

	Number of Shares		Amount
Balance, February 29, 2016	48,440,592	\$	6,223,549
Shares issued for interest in exploration properties (i)	900,000		30,000
Private placement, net of costs (ii)	10,000,000		239,640
Value of warrants issued (ii)	-		(88,225)
Balance, February 28, 2017	59,340,592	\$	6,404,964
Shares issued for interest in exploration properties (iii)	1,200,000		25,000
Private placement, net of costs (iv)	3,100,000		73,700
Value of warrants issued (iv)	-		(21,226)
Shares issued for debt (v)	9,246,895		462,344
Balance, August 31, 2017	72,887,487	\$	6,944,782

(i) The Company issued 900,000 shares for interests in exploration and evaluation properties during the year ended February 28, 2017 – 100,000 shares were issued in connection with the Coral option agreement, 500,000 in connection with the Nipigon Reefs option agreement, 200,000 in connection with the Myst Metals option agreement and 100,000 in connection with the Peregrine option agreement. The value of shares issued was based on the price of the shares issued in arm's length private placement financings or at the quoted trading values of the Company's shares at the date of issue.

(ii) In June and July 2016, the Company raised \$250,000 by way of a private placement through the issuance of 10,000,000 units at \$0.025 per unit, comprising 4,240,000 flow-through units and 5,760,000 non flow-through units. Each flow-through and non flow-through unit comprised one share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of two years from the date of closing of the private placement, subject to certain acceleration provisions. The grant date fair value of the warrants was estimated at \$88,225 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105% based on the historical volatility of the Company's stock; risk-free interest rate of between 0.49% and 0.51% and an expected average life of two years. The Company paid a finder's fee of \$10,360 and issued 382,400 finders' warrants in relation to the financing. The finder's warrants were issued at an exercise price of \$0.025 per unit, which are exercisable for a period of two years, subject to an certain acceleration provisions. Pursuant to this financing, the Company renounced a total of \$106,000 of qualifying Canadian exploration expenses with an effective date of December 31, 2016. The Company has fulfilled its spending commitment under this obligation.

(iii) The Company issued 1,200,000 shares for interests in exploration and evaluation properties during the period ended August 31, 2017 – 400,000 shares were issued in connection with the Coral option agreement, 600,000 in connection with the Nipigon Reefs option agreement and 200,000 in connection with the Peregrine option agreement. The value of shares issued was based on the quoted trading values of the Company's shares at the date of issue.

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8. Share capital (Continued)

Common Shares (Continued)

(iv) In June 2017 the Company raised \$77,500 by way of a private placement through the issuance of 3,100,000 units at \$0.025 per unit, comprising 1,600,000 flow-through units and 1,500,000 non flow-through units. Each flow-through and non flow-through unit comprised one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of two years from the date of closing of the private placement, subject to certain acceleration provisions. The Company paid a finder's fee of \$3,800 and issued 32,000 finders' warrants in relation to the financing. The grant date fair value of the warrants was estimated at \$21,226 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105% based on the historical volatility of the Company's stock; risk-free interest rate of 1.109% and an expected average life of two years. The Company paid a finder's fee of \$3,800 and issued 32,000 finders' warrants in relation to the financing. The finder's warrants were issued at an exercise price of \$0.025 per unit, which are exercisable for a period of two years, subject to an certain acceleration provisions.

(v) In May 2017, the Company completed agreements for the settlement of outstanding related party debt held by its directors and officers and companies controlled by directors and officers totaling \$462,344 in exchange for the issuance of 9,246,895 common shares of the Company at a deemed value of \$0.05 per share. The completion of the debt settlement transactions contemplated in these agreements was approved by the TSXV and the shares issued in June 2017 (Notes 10(b) and (d)).

Stock Options

On June 30, 2010, the directors of the Company consented to adopt a share option plan (the "Plan"). The Plan provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at any time. Such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. The approval of the plan is subject to approval by the TSXV and the Company's shareholders.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 29, 2016	2,950,000	\$0.19
Expired	(1,850,000)	0.25
Granted	1,700,000	0.10
Outstanding at February 28, 2017 and August 31, 2017	2,800,000	\$0.10

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8. Share capital (Continued)

Stock Options (Continued)

The grant date fair value of the options granted during the year ended February 28, 2017 was estimated at \$18,354 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105% based on the historical volatility of the Company's stock; risk-free interest rate of 1.259% and an expected average life of 5 years.

The following table summarizes information about stock options outstanding and exercisable at August 31, 2017:

Number of Options	Exercise Price	Expiry Date	Number of Exercisable Options	Weighted Average Remaining Life (years)
1,100,000	\$0.10	March 18, 2018	1,100,000	0.55
1,700,000	\$0.10	December 19, 2021	1,700,000	4.31
2,800,000			2,800,000	2.83

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 29, 2016	460,000	\$ 0.10
Issued	10,382,400	\$ 0.10
Expired	(460,000)	\$ 0.10
Outstanding at February 28, 2017	10,382,400	\$ 0.10
Issued	3,132,000	\$ 0.10
Outstanding at August 31, 2017	13,514,400	\$ 0.10

The following table summarizes information about warrants outstanding and exercisable at August 31, 2017:

Number of Warrants	Exercise Price	Expiry Date	Number of Exercisable Warrants
3,400,000	\$0.10	June 28, 2018	3,400,000
32,000	\$0.025	June 28, 2018	32,000
5,380,000	\$0.10	July 7, 2018	5,380,000
286,400	\$0.025	July 7, 2018	286,400
1,220,000	\$0.10	July 15, 2018	1,220,000
64,000	\$0.025	July 15, 2018	64,000
3,100,000	\$0.10	June 30, 2019	3,100,000
32,000	\$0.025	June 30, 2019	32,000
13,514,400			13,514,400

9. Basic and diluted net loss per share

The calculation of basic and diluted loss per share for the period ended August 31, 2017 was based on the loss attributable to common shareholders of \$19,383 (August 31, 2016 - \$60,370) and the weighted average number of common shares outstanding of 64,576,266 (August 31, 2016 – 51,588,635). Outstanding warrants and stock options have been excluded from the calculation of diluted loss per share for the periods presented as their effect would be anti-dilutive.

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10. Related party balances and transactions

Related parties include the Board of Directors, Officers, and close family members of members of the Board of Directors and Officers and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties during the period ended August 31, 2017:

(a) During the period ended August 31, 2017, private corporations controlled by directors who are also officers of the Company charged the Company \$8,875 (2016 - \$6,000) in management fees related to the provision of office space and administrative support and other consulting.

(b) Officers and directors of the Company and companies controlled by such individuals were owed \$41,916 as at August 31, 2017 (February 28, 2017 – \$333,741) for services rendered and for expenses incurred in the ordinary course of business. This amount is unsecured, non-interest bearing with no fixed terms of repayment. In June 2017, the Company wrote off \$20,783 and issued 6,445,871 common shares to settle \$322,294 of amounts due to officers and directors.

(c) Pursuant to the private placement described in Note 8(b)(iv), directors and officers subscribed for a total of 1,000,000 units for gross proceeds of \$25,000 (2016 - 3,820,000 units for gross proceeds of \$95,500).

(d) The Company entered into a loan agreement with a director and officer on November 13, 2015. The balance owing under the agreement at August 31, 2017 amounted to \$Nil (February 28, 2017- \$106,975). Interest of \$2,227 was paid on the loan for the period ended August 31, 2017 (August 31, 2016 - \$1,803). In June 2017, the Company issued 2,801,024 common shares to settle the balance of \$140,051 due under the agreement.

(e) In January 2015, the Company entered into an option agreement allowing it to acquire up to a 70% interest in the Coral Zinc Project as discussed in Note 7. Two of the optionors, who together have a 50% interest in the claims ownership, are directors and officers of the Company. In August 2017, the Company issued 200,000 shares to those directors and officers as part of the shares issued to acquire 20% of the project.

(f) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key management of the Company was as follows.

For the quarters ended August 31, 2017 and 2016	2017	2016
Aggregate compensation - cash	\$ 14,750	\$ 41,000

11. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. Substantially all of the operating costs for the periods ended August 1, 2017 and 2016 were incurred in Canada and all of the assets as at August 31, 2017 and February 28, 2017 were located in Canada.

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12. Commitments and contingencies**Environmental contingencies**

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow through financing

The Company entered into flow-through share subscription agreements during the year ended February 28, 2017, whereby it renounced to investors a total of \$106,000 of qualifying Canadian exploration expenses as described in the Income Tax Act of Canada, with an effective date of December 31, 2016. The Company has fulfilled its spending commitment under this obligation. In June 2017, the Company entered into additional flow-through share subscription agreements whereby it will be renouncing to investors a total of \$37,500 of qualifying Canadian exploration expenses, with an effective date of December 31, 2017.

The Company has indemnified the subscribers of flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

Management and consulting contracts

The Company is party to certain management and consulting contracts. During the current and prior fiscal periods, certain parties under the management and consulting contracts agreed to reduced salaries and to not receive salaries until further significant financing is obtained, with future salaries and other amounts to be negotiated at that stage. Minimum commitments under management and consulting contracts are approximately \$120,000 payable within one year. The contracts also require that additional payments of up to \$113,200 be made, based on the reduced contract amounts, upon the occurrence of certain events such as change of control. As a determinable triggering event has not taken place, the contingent payments have not been reflected in these financial statements.