

# EASTFIELD RESOURCES LTD.

Consolidated Financial Statements  
For the Years Ended February 28, 2017 and February 29, 2016  
(Expressed in Canadian dollars)

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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Eastfield Resources Ltd.

We have audited the accompanying consolidated financial statements of Eastfield Resources Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2017 and February 29, 2016 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2017 and February 29, 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.



**Eastfield Resources Ltd.**  
**Consolidated Statements of Financial Position**  
**As at February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

	2017	2016
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 746,774	\$ 687,723
Accounts receivable	42,844	81,694
Receivable from related parties (Note 10)	28,649	49,039
Investments (Note 4)	323,731	167,589
	<b>1,141,998</b>	<b>986,045</b>
<b>Exploration and evaluation assets</b> (Note 5)	<b>960,779</b>	<b>1,010,573</b>
<b>Equipment</b> (Note 6)	<b>2,260</b>	<b>2,695</b>
<b>Promissory notes receivable</b> (Note 10)	<b>432,619</b>	<b>287,238</b>
<b>Project deposits</b>	<b>70,500</b>	<b>68,000</b>
	<b>\$ 2,608,156</b>	<b>\$ 2,354,551</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 36,850	\$ 67,541
Payable to related parties (Note 10)	6,905	36,934
	<b>43,755</b>	<b>104,475</b>
<b>Project deposits payable to related party</b> (Note 10)	<b>6,500</b>	<b>6,500</b>
	<b>50,255</b>	<b>110,975</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	4,220,272	4,220,272
Warrant reserve (Note 7)	57,168	57,168
Options reserve (Note 7)	791,528	786,528
Accumulated other comprehensive income/(loss)	(204,154)	(486,570)
<b>Deficit</b>	<b>(2,306,913)</b>	<b>(2,333,822)</b>
	<b>2,557,901</b>	<b>2,243,576</b>
	<b>\$ 2,608,156</b>	<b>\$ 2,354,551</b>

**Nature and continuance of operations (Note 1)**  
**Commitments (Note 13)**

**APPROVED BY THE BOARD**

*"J.W. Morton"*                      **Director**

*"D.D. Sharp"*                        **Director**

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

**Eastfield Resources Ltd.****Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)****For the Years Ended February 28, 2017 and February 29, 2016**

(Expressed in Canadian dollars)

	2017	2016
<b>Expenses</b>		
Amortization	\$ 1,321	\$ 1,415
Bank charges	1,410	1,499
Consulting	17,291	11,042
Dues and licenses	2,418	2,263
Investor relations	17,721	30,465
Legal and audit	20,198	30,767
Office	4,051	3,618
Rent	23,670	23,844
Salaries and benefits	16,866	16,443
Share-based compensation (Note 7)	5,000	-
Telephone	1,675	1,605
Transfer and filing fees	13,959	12,953
	<b>125,580</b>	<b>135,914</b>
<b>Loss before the following</b>	<b>(125,580)</b>	<b>(135,914)</b>
<b>Other income/(expense)</b>		
Interest income	23,476	34,648
Other income	705	30
Impairment of mineral property interests (Note 5)	-	(11,053)
Gain on sale on mineral properties (Note 5)	186,960	-
Loss on sale on investments	(58,652)	(18,511)
	<b>152,489</b>	<b>5,114</b>
<b>NET INCOME/(LOSS)</b>	<b>26,909</b>	<b>(130,800)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Change in unrealized gain/(loss) on investments	223,764	(115,690)
Reclassification of realized loss on disposal on investments	58,652	18,511
<b>COMPREHENSIVE INCOME/(LOSS)</b>	<b>\$ 309,325</b>	<b>\$ (227,979)</b>
<b>BASIC AND DILUTED INCOME/(LOSS) PER SHARE</b> (Note 12)	<b>\$ 0.001</b>	<b>\$ (0.003)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted</b>	<b>44,894,919</b>	<b>44,894,919</b>

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

**Eastfield Resources Ltd.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For the Years Ended February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 7)	Warrant Reserve (Note 7)	Options Reserve (Note 7)	Accumulated Other Comprehensive Income/(Loss)	Deficit	Total Equity
<b>Balance, March 1, 2015</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 786,528	\$ (389,391)	\$ (2,203,022)	\$ 2,471,555
Change in unrealized loss on investments	-	-	-	-	(115,690)	-	(115,690)
Reclassification of realized loss on disposal on investments	-	-	-	-	18,511	-	18,511
Net loss for the year	-	-	-	-	-	(130,800)	(130,800)
<b>Balance, February 29, 2016</b>	44,894,919	4,220,272	57,168	786,528	(486,570)	(2,333,822)	2,243,576
Share based compensation	-	-	-	5,000	-	-	5,000
Change in unrealized loss on investments	-	-	-	-	223,764	-	223,764
Reclassification of realized loss on disposal on investments	-	-	-	-	58,652	-	58,652
Net income for the year	-	-	-	-	-	26,909	26,909
<b>Balance, February 28, 2017</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 791,528	\$ (204,154)	\$ (2,306,913)	\$ 2,557,901

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

**Eastfield Resources Ltd.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

<b>Cash provided by (used in)</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net income/(loss)	\$ 26,909	\$ (130,800)
Adjustments to reconcile cash to net loss from operating activities:		
Amortization	1,321	1,415
Gain on sale of mineral properties	(186,960)	-
Loss on sale of investment	58,652	18,511
Mineral property impairment loss	-	11,053
Share-based compensation	5,000	-
	<b>(95,087)</b>	<b>(99,821)</b>
Changes in non-cash working capital components		
Accounts receivable	17,810	39,501
Promissory note interest receivable	(35,381)	(19,596)
Receivable from related parties	20,390	(27,696)
Accounts payable and accrued liabilities	(30,691)	29,802
Payable to related parties	(17,435)	11,792
	<b>(140,385)</b>	<b>(66,018)</b>
<b>Investing activities</b>		
Purchase of equipment	(886)	(848)
Purchase of investments	-	(30,208)
Net proceeds from disposition of investments	67,624	-
Mineral property acquisition costs	(872)	(40,553)
Mineral property exploration expenditures	(77,859)	(115,744)
Mineral property option proceeds	155,000	20,000
Net proceeds from disposition of mineral property	168,929	-
Project deposits	(2,500)	-
	<b>309,436</b>	<b>(167,353)</b>
<b>Financing activities</b>		
Loan to related party	(160,000)	(110,000)
Repayment of loan from related party	50,000	-
	<b>(110,000)</b>	<b>(110,000)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>59,051</b>	<b>(343,371)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>687,723</b>	<b>1,031,094</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 746,744</b>	<b>\$ 687,723</b>
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash in bank	\$ 196,774	\$ 87,723
Short-term deposits	550,000	600,000
	<b>\$ 746,774</b>	<b>\$ 687,723</b>

**Supplemental cash flow information** (Note 9)

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

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Eastfield Resources Ltd. (the “Company”) was incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada and, through its wholly-owned subsidiary, in the United States. The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flows.

The Company’s shares are listed for trading on the TSX-Venture Exchange (the “Exchange”) under the symbol ETF. Its registered office is located at 110-325 Howe Street, Vancouver, British Columbia V6C 1Z7.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations. Such adjustments and reclassifications could be material.

**2. BASIS OF PREPARATION**

These consolidated financial statements were authorized for issue by the directors of the Company on June 7, 2017.

**Statement of Compliance**

These consolidated financial statements for the Company’s reporting period ended February 28, 2017 have been prepared in accordance with and using accounting policies which are in full compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and as set out in the CPA Canada Handbook – Accounting (the “Handbook”).

**Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss or available-for-sale that have been measured at fair value (Note 3), and are presented in Canadian dollars, the Company’s reporting currency and the functional currency of all of its operations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

(a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., (collectively, the “Company”). All significant inter-company transactions and balances have been eliminated upon consolidation.

(b) Accounting Estimates and Judgments

The preparation of these consolidated financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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

(b) Accounting Estimates and Judgments (continued)

The estimates, judgments and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Critical accounting estimates are estimates, judgments and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the recoverability of accounts receivable, determination of realizable amounts of deferred tax assets and liabilities, impairment of the carrying value of non-financial assets, estimation of provisions and measurement of equity instruments and share-based compensation.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from equipment and the recognition of deferred tax assets and liabilities.

(c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash, bank deposits or highly-liquid investments that are readily convertible into known amounts of cash.

(d) Financial Instruments

Financial instruments are classified into various categories. Held to maturity investments and loans and receivables are measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Financial assets and liabilities at fair value through profit or loss ("FVTPL") are classified as FVTPL when the financial instrument is held for trading or designated as FVTPL. Financial instruments at FVTPL are measured at fair market value with all gains and losses included in operations in the period in which they arise. Available-for-sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the consolidated statement of financial position, and losses due to impairment are included in operations. All other financial assets and liabilities are carried at amortized cost.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

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

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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

(d) Financial Instruments (continued)

(i) Financial assets

The Company's financial assets include cash and cash equivalents, accounts receivable, investments, receivable from related parties, promissory notes receivable and project deposits.

Held for trading

Cash and cash equivalents are classified as held for trading. Cash and cash equivalents are measured in the fair value hierarchy using Level 1 inputs on a recurring basis.

Loans and receivables

Accounts receivable, receivable from related parties, promissory notes receivable and project deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest rate method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Available-for-sale

Investments are non-derivative financial assets that are either designated as available-for-sale or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include publically listed securities. Shares received as option payments or as consideration on the sale of an asset are recorded at the trading value of the shares on a public exchange on the date they are issued.

All available-for-sale financial assets are measured at fair value. Revaluation gains and losses are recognized in other comprehensive income or loss and reported within equity, except for impairment losses and foreign exchange differences, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income or loss is reclassified from equity to net income/(loss) and presented as a reclassification adjustment within other comprehensive income or loss.

Reversals of impairment losses are recognized in other comprehensive income or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(i) Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, payable to related parties and project deposits payable to a related party.

Other financial liabilities

The Company classifies its financial liabilities into the other financial liabilities category. Such financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

The carrying amount of the Company's financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities, as at February 28, 2017 and February 29, 2016, approximate their fair values.

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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

(e) Exploration and Evaluation Assets, and Patented Claims

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made. Pre-exploration costs are expensed in the year they are incurred.

All deferred mineral property interests are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable metals to be mined from estimated proven and probable reserves by property.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in the consolidated statement of income/(loss) and comprehensive income/(loss).

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(f) Joint Arrangements

The Company classifies its interests in joint arrangements as either joint operations or joint ventures. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Where the interest is classified as a joint operation, the Company recognizes its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), any income from the sale or use of its share of the output of the joint operation, and any expenses (including its share of any expenses incurred jointly) that it has incurred in respect of its interest in the joint operation.

Where the interest is classified as a joint venture, the Company recognises its interest as an investment and accounts for that investment using the equity method.

(g) Project Deposits

Project deposits consist of term deposits in favour of regulatory authorities held as site restoration deposits for mineral properties. These amounts are expected to be recovered on satisfactory completion of the related exploration activities.

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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

(h) Provisions

(i) Environmental expenditures

The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect on the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Environmental expenditures relating to ongoing environmental and reclamation programs are charged to operations as incurred, or depending on their future economic benefits, capitalized and amortized over the estimated remaining life of the related business operation, net of expected recoveries. These costs are recognized when the obligation is incurred and the fair value of the related costs is reasonably determinable. Management's estimate of reclamation and restoration costs has not been included in these consolidated financial statements as the amount is not currently material.

(ii) Other provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(i) Equipment

Equipment is recorded at cost less accumulated amortization. The Company records amortization on a declining balance basis at the following annual rates. The amortization rates are reduced by one-half in the years of acquisition and disposal.

Technical equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Computer software	100%

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
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(Expressed in Canadian dollars)

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

(j) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that its equipment or mineral exploration and evaluation assets may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment is recognized immediately in the consolidated statement of income/(loss) and comprehensive income/(loss). A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

(k) Share Capital

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

(i) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through shares premium"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(l) Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits and grants as a reduction of qualifying expenditures as it incurs the related expenditures.

(m) Income Recognition

Interest from cash and cash equivalents is recorded on an accrual basis when collection is reasonably assured.

**Eastfield Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**February 28, 2017 and February 29, 2016**  
(Expressed in Canadian dollars)

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

(n) Share-based Compensation

The Company has a stock option plan that is described in Note 7. All goods and services received in exchange for the grant of any share-based compensation are measured at their fair values. Where employees are rewarded using share-based compensation, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date, using the Black-Scholes option pricing model, and exclude the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based compensation is ultimately recognized as an expense in profit or loss with a corresponding credit to the option reserve, over the period during which the related share-based compensation vests.

Consideration received on the exercise of share purchase options is recorded as share capital and the related amount originally recorded in options reserve is transferred to share capital.

(o) Income/(Loss) per Share

Income/(loss) per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted earnings is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(p) Comprehensive Income or Loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available-for-sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position.

(q) Income Taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the reporting date, adjusted for amendments to estimates of taxes payable made in previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for: initial recognition of goodwill; initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

(q) Income Taxes (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to taxes levied by the same tax authority on the same taxable entity.

(r) New Accounting Standards and Interpretations

The following is a summary of new standards, amendments and interpretations that have been adopted during the year ended February 28, 2017:

(i) IFRS 7, Financial Instruments: Disclosures (“IFRS 7”)

The amendments to IFRS 7 provide clarification on when an entity has a continuing involvement in a financial asset. The amendments also provide clarification of disclosure requirements in condensed interim financial statements when offsetting financial assets and financial liabilities. The application of the amendments to IFRS 7 did not have any material impact on the presented consolidated financial statements.

(ii) IFRS 11, Joint Arrangements (“IFRS 11”)

The amendments to IFRS 11 provide guidance on the accounting for acquisition of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combination accounting in IFRS 3, Business Combinations and other IFRS standards except where those principles conflict with IFRS 11. The application of the amendments to IFRS 11 did not have any material impact on the presented consolidated financial statements.

(iii) IAS 1, Presentation of Financial Statements (“IAS 1”)

The amendments in IAS 1 clarify financial statement disclosure and presentation requirements. The application of the amendments to IAS 1 did not have any material impact on the presented consolidated financial statements.

(iv) IAS 16, Property, Plant and Equipment (“IAS 16”)

The amendments to IAS 16 provide clarification of acceptable methods of depreciation and amortization. The application of the amendments to IAS 16 did not have any material impact on the presented consolidated financial statements.

(v) IAS 34, Interim Financial Statements (“IAS 34”)

The amendment to IAS 34 provides clarification of disclosures required in interim financial statements. The application of the amendments to IAS 34 did not have any material impact on the presented consolidated financial statements.

(vi) IAS 38, Intangible Assets (“IAS 38”)

The amendments to IAS 38 provide clarification of acceptable methods of depreciation and amortization. The application of the amendments to IAS 38 did not have any material impact on the presented consolidated financial statements.

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

(r) New Accounting Standards and Interpretations (continued)

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted in these consolidated financial statements and include only those which the Company reasonably expects may be applicable to the Company at a future date:

(i) IFRS 2, Share-based Payment (“IFRS 2”)

The amendments to IFRS 2 clarify how entities should account for the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments to IFRS 2 are effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(ii) IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 15, Revenue from contracts with customers (“IFRS 15”)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

(iv) IFRS 16, Leases (“IFRS 16”)

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual period beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers is also applied.

(v) IAS 7, Statement of Cash Flows (“IAS 7”)

The amendments in IAS 7 require additional disclosure of changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017.

(vi) IAS 12, Income Taxes (“IAS 12”)

The amendments in IAS 12 clarify the recognition of deferred tax assets for unrealized losses. These amendments are effective for annual periods beginning on or after January 1, 2017.

The Company is currently evaluating the impact of the adoption of the new standards and amendments on its consolidated financial statements.

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**4. INVESTMENTS**

The Company has the following financial instruments carried at fair value using Level 1 valuation techniques:

	Number of Shares	2017		2016	
		Cost	Fair Value	Cost	Fair Value
Bearing Resources Ltd.	-	\$ -	\$ -	\$ 111,000	\$ 1,000
Cariboo Rose Resources Ltd.	108,000	4,860	21,060	4,860	3,780
Consolidated Woodjam Copper Corp.	3,229,245	351,499	226,047	362,384	116,524
Consolidated Woodjam Copper Corp. (warrants)	350,000	3,500	-	3,500	-
Lorraine Copper Corp.	1,094,560	113,432	76,619	113,432	43,782
Lorraine Copper Corp. (warrants)	510,000	31,469	-	31,469	-
Spanish Mountain Gold Ltd.	-	-	-	4,390	2,500
Fort St. James Nickel Corp.	57	-	5	-	3
		<b>\$ 504,760</b>	<b>\$ 323,731</b>	<b>\$ 631,035</b>	<b>\$ 167,589</b>

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value, using one of the following valuation techniques:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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**5. EXPLORATION AND EVALUATION ASSETS**

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2017 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
<b>ACQUISITION COSTS</b>				
Balance, beginning of the year	\$ 140,483	\$ 310,984	\$ 106,560	\$ 558,027
Incurred during year	-	-	873	873
Disposal of mineral property	-	-	(54,951)	(54,951)
Balance, end of the year	<u>140,483</u>	<u>310,984</u>	<u>52,482</u>	<u>503,949</u>
<b>EXPLORATION EXPENDITURES</b>				
Expenditures for the year:				
Professional fees and field crews	-	27,835	58,780	86,615
Fees, permits and assessments	6,400	-	-	6,400
Geological	72	-	18	90
Rental of vehicles and equipment	-	5,933	4,263	10,196
Transport and fuel	-	798	747	1,545
Field equipment	-	106	144	250
Communications	363	24	-	387
Food and accommodation	-	430	2,248	2,678
Assaying	-	168	8,895	9,063
Freight	-	9	-	9
	<u>6,835</u>	<u>35,303</u>	<u>75,095</u>	<u>117,233</u>
Balance, beginning of the year	127,385	416,036	720,342	1,263,763
Mineral exploration tax credits	(2,050)	(10,591)	(21,888)	(34,529)
Disposal of mineral property	-	-	(139,554)	(139,554)
Balance, end of the year	<u>132,170</u>	<u>440,748</u>	<u>633,995</u>	<u>1,206,913</u>
<b>OPTION PROCEEDS</b>				
Balance, beginning of the year	(181,250)	(461,000)	(168,967)	(811,217)
Proceeds received during the year	(30,000)	-	(12,941)	(42,941)
Disposal of mineral property	-	-	104,075	104,075
Balance, end of the year	<u>(211,250)</u>	<u>(461,000)</u>	<u>(77,833)</u>	<u>(750,083)</u>
	<u>\$ 61,403</u>	<u>\$ 290,732</u>	<u>\$ 608,644</u>	<u>\$ 960,779</u>

\* Other properties include Iron Lake, Okeover (OK), Hidden One, Naggy, Hedge Hog, Antler Gold, CR and Tonopah.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 29, 2016 were as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
<b>ACQUISITION COSTS</b>				
Balance, beginning of the year	\$ 140,000	\$ 310,984	\$ 66,490	\$ 517,474
Incurred during year	483	-	40,070	40,553
Balance, end of the year	<u>140,483</u>	<u>310,984</u>	<u>106,560</u>	<u>558,027</u>
<b>EXPLORATION EXPENDITURES</b>				
Expenditures for the year:				
Professional fees and field crews	10,400	18,400	114,685	143,485
Fees, permits and assessments	-	125	150	275
Geological	72	-	-	72
Trenching	-	-	6,120	6,120
Rental of vehicles and equipment	-	5,286	11,090	16,376
Transport and fuel	-	-	4,209	4,209
Field equipment	310	-	1,227	1,537
Communications	362	-	26	388
Food and accommodation	-	-	6,227	6,227
Assaying	-	-	778	778
Freight	-	-	18,005	18,005
Other	-	-	2,568	2,568
	<u>11,144</u>	<u>23,811</u>	<u>165,085</u>	<u>200,040</u>
Balance, beginning of the year	119,585	399,368	611,393	1,130,346
Mineral exploration tax credits	(3,344)	(7,143)	(45,083)	(55,570)
Impairment of mineral property	-	-	(11,053)	(11,053)
Balance, end of the year	<u>127,385</u>	<u>416,036</u>	<u>720,342</u>	<u>1,263,763</u>
<b>OPTION PROCEEDS</b>				
Balance, beginning of the year	(161,250)	(461,000)	(168,967)	(791,217)
Proceeds received during the year	(20,000)	-	-	(20,000)
Balance, end of the year	<u>(181,250)</u>	<u>(461,000)</u>	<u>(168,967)</u>	<u>(811,217)</u>
	<u>\$ 86,618</u>	<u>\$ 266,020</u>	<u>\$ 657,935</u>	<u>\$ 1,010,573</u>

\* Other properties include Iron Lake, Okeover (OK), Hidden One, Naggy, Hedge Hog, Antler Gold, CR and Tonopah.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Joint Operation of Exploration and Evaluation Assets**

***Okeover Property, Vancouver Mining Division, British Columbia***

On March 8, 2006, the Company entered into an option agreement with Prophecy Coal Corp. (“Prophecy”), which allowed Prophecy to earn a 60% interest in the property by incurring an additional \$1,000,000 in mineral exploration costs by March 8, 2010 (completed) and making \$110,000 in cash or share option payments (received). On October 31, 2008, the Company earned a 100% interest in the property, subject to a 2.5% net smelter royalty. On March 8, 2010, Prophecy fulfilled all the terms of its option agreement and earned a 60% interest in the Okeover property. On April 28, 2016, the Company sold its 40% interest in the property to Lorraine Copper Corp. (Note 10) in consideration for \$40,000 and 20% of any future option payments resulting from 3<sup>rd</sup> party agreements with the property made by Lorraine Copper Corp. for a period of 3 years.

**Other Exploration and Evaluation Assets**

***Iron Lake Property, Clinton Mining Division, British Columbia***

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd. Canevex Resources Ltd. is owned by two directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

***Indata Property, Omineca Mining Division, British Columbia***

The Company has a 91.3% interest in the Indata property. Another company, Imperial Metals Corporation (“Imperial Metals”), owns the remaining 8.7% interest in the Indata property; this interest will be reduced if Imperial Metals fails to make its proportionate share of exploration and other payments on the property.

On May 18, 2015, the Company entered into an option agreement with Rise Resources Inc. (“Rise”). Under the terms of the agreement, Rise has the initial option to earn a 60% interest in the Indata property by paying the Company an aggregate sum of \$350,000 (\$20,000 received by February 29, 2016 and \$30,000 received on April 1, 2016) and by expending an aggregate of \$2,000,000 on the property over a four-year period ending April 3, 2019. In addition, Rise may earn an additional 15% interest in the Indata property, for a total interest of 75%, by paying the Company an additional \$100,000, completing a feasibility study on the property and expending \$500,000 per year on the property until the completion of the feasibility study. On April 3, 2017, Rise was not able to meet the requirements of the agreement and the option agreement was terminated.

***Zymo Property, Skeena Mining Division, British Columbia***

On June 5, 2007, the Company entered into an agreement with 811537 Alberta Ltd. to acquire a 100% interest in the Zymo property by issuing 600,000 shares (completed), paying \$250,000 (completed) in cash and incurring expenditures of \$1,000,000 (completed) by June 5, 2012. As at February 28, 2017, the Company holds a 100% interest in the Zymo property and is seeking an option partner to continue exploration at Zymo.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Other Exploration and Evaluation Assets (continued)**

*Other Properties, British Columbia*

In fiscal 2013, the Company staked claims on the Naggie and Hidden One properties.

In fiscal 2014, the Company staked claims on the Hedge Hog property. In fiscal 2015, the Company staked claims on the Antler Gold and CR properties. These three properties have been combined to form the Big Valley project. The Big Valley project was subject to a joint venture between the Company and Badger Minerals Ltd. (“Badger”). The Company held a 70% in the project and Badger held the remaining 30% interest. On April 28, 2015, Cariboo Rose Resources Ltd. (“Cariboo”) purchased from Badger a 30% interest in the Big Valley project. In connection with this sale, the Company purchased the 30% interest in the Big Valley project from Cariboo for \$40,000. The Company now owns a 100% interest in the Big Valley project. In addition, the joint venture agreement on the Big Valley project between the Company and Badger was terminated.

During the year ended February 29, 2016, the Company recognized mineral property interest impairment of \$11,053 on its other properties which are no longer held. The carrying values of these other properties were reduced to their estimated recoverable values of \$nil.

**Patented Claim Assets**

*Tonopah Project, Nevada*

The Company holds a 100% interest in 18 patented claims in the Tonopah district, Nevada, U.S.A., subject to certain royalty interests. The property has not been actively explored in the past five years. The residual carrying value of the patented claims has therefore been written off. Another company recently announced its intention to develop the Three Hills-Hasbrouk properties for production. The Company’s patented claims adjoin the Three Hills property. Patented claims entitle the Company to ownership of the land for any use and the Company may sell the land for purposes other than mineral exploration.

On September 10, 2014, the Company entered into an agreement with West Kirkland Mining Ltd. (“West Kirkland”) for the sale of 7 of the Tonopah patented claims. The total sale price is \$280,000 to be paid over a 3 year period, \$30,000 upon signing of the agreement (received), \$125,000 on the second anniversary date (received on January 18, 2017) and \$125,000 on the earlier of the day on which West Kirkland obtains the necessary permits for production on the patented claims and the third anniversary date (received on March 22, 2016).

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**6. EQUIPMENT**

	<u>Technical Equipment</u>	<u>Office Equipment</u>	<u>Computer Software</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
<b>COST</b>					
Balance, February 28, 2015	\$ 8,936	\$ 49,759	\$ 1,542	\$ 19,654	\$ 79,891
Additions	-	-	848	-	848
Balance, February 29, 2016	8,936	49,759	2,390	19,654	80,739
Additions	-	-	886	-	886
<b>Balance, February 28, 2017</b>	<b>8,936</b>	<b>49,759</b>	<b>3,276</b>	<b>19,654</b>	<b>81,625</b>
<b>ACCUMULATED AMORTIZATION</b>					
Balance, February 28, 2015	8,282	47,920	1,119	19,308	76,629
Amortization	131	368	847	69	1,415
Balance, February 29, 2016	8,413	48,288	1,966	19,377	78,044
Amortization	105	294	867	55	1,321
<b>Balance, February 28, 2017</b>	<b>8,518</b>	<b>48,582</b>	<b>2,833</b>	<b>19,432</b>	<b>79,365</b>
Net Book Value, February 29, 2016	523	1,471	424	277	2,695
<b>Net Book Value, February 28, 2017</b>	<b>\$ 418</b>	<b>\$ 1,177</b>	<b>\$ 443</b>	<b>\$ 222</b>	<b>\$ 2,260</b>

**7. SHARE CAPITAL**

**Authorized**

Unlimited common shares without par value

Unlimited preferred shares without par value

**Share Purchase Options**

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Under the plan, the Company may issue up to 4,489,491 options. Options will normally vest entirely at the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than ten years from the grant date, except that they will expire within ninety days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately).

Common share purchase options and weighted average exercise prices are as follows:

	<b>2017</b>		<b>2016</b>	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of the year	4,430,000	\$ 0.10	4,430,000	\$ 0.10
Granted	100,000	0.10	-	-
Cancelled	(270,000)	0.10		
Balance, end of the year	4,260,000	0.10	4,430,000	0.10
Options exercisable, end of the year	4,260,000	\$ 0.10	4,430,000	\$ 0.10

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**7. SHARE CAPITAL** (continued)

**Share Purchase Options** (continued)

The following common share purchase options are outstanding at February 28, 2017:

Expiry Date	Options Outstanding		Weighted Average Remaining Life	Options Exercisable	
	Number of shares	Exercise price (\$)		Number of shares	Exercise price (\$)
19-Dec-18	1,270,000	0.10	1.81	1,270,000	0.10
31-Jul-21	1,240,000	0.13	4.42	1,240,000	0.13
30-Apr-23	700,000	0.10	6.17	700,000	0.10
24-Nov-24	950,000	0.05	7.74	950,000	0.05
17-Jan-27	100,000	0.10	9.89	100,000	0.10
	4,260,000		4.80	4,260,000	

The Company determines the fair value of the options granted using the Black-Scholes option pricing model. No options were granted during the year ended February 29, 2016. The weighted average grant date fair value of options granted during the year ended February 28, 2017 was \$0.02 using the following assumptions:

	<b>2017</b>
Share price	\$0.04
Exercise price	\$0.10
Risk-free interest rate	0.91%
Expected share price volatility	120.7%
Expected average period until exercise	3 years
Expected dividend yield	-

The effects of early exercise were incorporated in the estimate of the expected life of the common share purchase options. Expected volatility was determined based on historic volatility of the Company's share price over a period ending on the grant date of the instrument and commensurate with the instruments expected life. Other features of common share purchase options granted did not affect the calculation of grant date fair value.

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**8. INCOME TAXES**

The Company's deferred tax assets and liabilities arise from the following items:

	<b>2017</b>	<b>2016</b>
Deferred tax assets (liabilities) arising from:		
Losses deductible against future taxable incomes	\$ 563,688	\$ 621,011
Investments	23,534	60,248
Equipment	84,065	83,721
Exploration and evaluation assets	(94,725)	(59,065)
Valuation allowance	(576,561)	(705,915)
<b>Net deferred tax assets (liabilities)</b>	<b>\$ -</b>	<b>\$ -</b>

The reconciliation of the provision for income taxes is as follows:

	<b>2017</b>	<b>2016</b>
Income/(loss) before income taxes	\$ 26,909	\$ (130,800)
Combined federal and provincial statutory income tax rates	26.0%	26.0%
Tax provision/(recovery) of income taxes based on combined statutory income tax rates	\$ 6,996	\$ 34,008)
Add (deduct):		
Tax effect of losses not recognized	-	25,954
Recognition of previously unrecognized tax losses	(37,001)	-
Net effect of items that are not taxable or deductible	30,005	8,054
<b>(Recovery of) provision for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has non-capital losses of approximately \$2.0 million and capital losses of \$30,000 for income tax purposes, which may be used to reduce taxable income in future years. If unused, these non-capital losses will expire between 2018 and 2037. The capital losses can be carried forward indefinitely.

In addition, the Company has resource related expenditures (Canadian Exploration Expenses) of \$600,000, most of which can be deducted at a 100% rate and which can be used to offset future taxable income and can be carried forward indefinitely.

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**9. SUPPLEMENTAL CASH FLOW INFORMATION**

	2017	2016
<b>Supplemental disclosure of non-cash investing activities</b>		
(Write-up)/down of short term investments	\$ (223,764)	\$ 115,690
<b>Supplemental cash flow information</b>		
Interest received	\$ 5,617	\$ 15,052

**10. RELATED PARTY DISCLOSURES**

Related party transactions are recorded at the exchange amount agreed to by the parties.

The Company is related to Cariboo Rose, Lorraine Copper Corp. (“Lorraine”), and Consolidated Woodjam Copper Corp. (“Woodjam”) through common directors and officers. In the normal course of business, the Company will enter into transactions with Cariboo Rose, Lorraine and Woodjam for the use of equipment, services and rental of office space. During the year, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$74,155 (2016 - \$82,709) from Cariboo Rose, \$68,947 (2016 - \$76,639) from Lorraine and \$68,283 (2016 - \$74,465) from Woodjam. At February 28, 2017, accounts receivable included \$5,069 (2016 - \$6,927) receivable from Cariboo Rose, \$4,111 (2016 - \$12,347) receivable from Lorraine and \$18,105 (2016 - \$8,268) receivable from Woodjam.

During the year ended February 28, 2017, geological services amounting to \$116,887 (2016 - \$169,125) were provided to the Company by Mincord Exploration Consultants Ltd. (“Mincord”), a geological service company owned by two directors of the Company. Mincord’s relationship with the Company is non-exclusive and without retainer and on a project-by-project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At February 28, 2017, accounts payable included \$6,905 (2016 - \$19,499) payable to Mincord.

Consulting fees of \$8,400 (2016 - \$22,850) were paid to a director of the Company for business development. At February 28, 2017, accounts payable included \$Nil (2016 - \$17,435) payable to the director.

During the year, payments of \$16,444 (2016 – \$11,406) were made for accounting, administration services and expense reimbursements to a partnership in which a director of the Company is a member.

Salaries and benefits of \$12,228 (2016 - \$11,984) were paid a spouse of a director for office administration services provided.

On December 17, 2014, the Company advanced \$50,000 to Woodjam as an unsecured promissory note. The promissory note had a term of 18 months and bore interest at 10% per annum, due and repayable at the end of the term together with the principal. The Company has extended the term of the unsecured promissory note to June 17, 2018. On July 28, 2015, August 31, 2015 and November 29, 2016, the Company also advanced \$100,000, \$10,000 and \$60,000, respectively, to Woodjam as unsecured promissory notes. These promissory notes have a term of 36 months and bear interest at a rate of 10% per annum, due and repayable at the end of the term together with the principal. As at February 28, 2017, the total principal and accrued and unpaid interest receivable on these unsecured promissory notes is \$248,253 (2016 - \$169,810). During the year ended February 28, 2017, the Company earned \$18,443 (2016 - \$11,463) of interest income related to these unsecured promissory notes.

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**10. RELATED PARTY DISCLOSURES** (continued)

On December 15, 2013, the Company advanced \$100,000 to Lorraine as an unsecured promissory note. The promissory note had a term of 18 months and bore interest at 10% per annum, due and repayable at the end of the term together with the principal. The Company has extended the term of this promissory note to June 15, 2018. On April 26, 2016 and September 21, 2016, the Company advanced \$50,000 and \$50,000, respectively to Lorraine as unsecured promissory notes. These promissory notes have a term of 24 months and bear interest at a rate of 10% per annum, due and repayable at the end of the term together with the principal. During the year ended February 28, 2017, Lorraine repaid \$50,000 of principal on the outstanding balance of the promissory notes. As at February 28, 2017, the total principal and accrued and unpaid interest receivable on these unsecured promissory notes is \$184,366 (2016 - \$117,428). During the year ended February 28, 2017, the Company earned \$16,938 of interest income related to these unsecured promissory notes (2016 - \$10,800).

During the year ended February 28, 2017, the Company completed the sale of its 40% interest in the Okeover property (Note 5) to Lorraine for consideration of \$40,000 and 20% of any future option payments resulting from 3<sup>rd</sup> party agreements on the property made by Lorraine for a period of 3 years. In addition, during the year ended February 28, 2017, Lorraine purchased Prophecy Development Corp.'s 60% interest in the Okeover property, which includes a \$6,500 receivable from the Company. As at February 28, 2017, project deposit payable to a related party includes \$6,500 owing to Lorraine related to a project deposit on the Okeover property.

**11. SEGMENTED DISCLOSURES**

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within two geographical areas: Canada and the United States (Note 1). For the years ended February 28, 2017 and February 29, 2016, all income was earned and all expenses were incurred in Canada and all non-current assets, except for the 18 patented claims held in Nevada, U.S.A. which have a carrying value of \$Nil (2016 - \$Nil), were held in Canada.

**12. LOSS PER SHARE**

The Company's diluted loss per share is equal to its basic loss per share. Outstanding share purchase options and warrants could potentially dilute basic loss per share in the future but were not included in the calculation of diluted loss per share because they are antidilutive for the years ended February 28, 2017 and February 29, 2016.

**13. COMMITMENTS**

The Company has entered into operating leases with the following minimum annual future payments:

2018	\$	106,000
2019	\$	106,000
2020	\$	108,000
2021	\$	39,000
2022	\$	3,000

**Eastfield Resources Ltd.**  
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**14. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's financial instruments are exposed to certain risks, which include credit, liquidity, and market risk. The risks related to financial instruments are managed by the senior management of the Company under policies and directions approved by the Board of Directors.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents and project deposits are held through major Canadian financial institutions. The Company's accounts receivable include goods and services taxes receivable from the Government of Canada, mineral exploration tax credits receivable from the Government of British Columbia, interest receivable on investments and amounts receivable from joint venture partners for the partner's share of exploration work performed by the Company. The Company's receivable from related parties and promissory notes receivable are due from related companies.

The Company considers this risk to be minimal on its cash and cash equivalents, goods and services taxes receivable, mineral exploration tax credits receivable and interest receivable. For amounts due from joint venture partners, receivable from related parties and promissory notes receivable from related companies, the Company monitors the receivable balance and the payments made by the joint venture partner and related companies in order to determine if an allowance for estimated credit losses is required. When determining the allowance for estimated credit losses the Company will consider historical experience with the joint venture partner and related companies, current market and industry conditions and any specific collection issues. At February 28, 2017, none of the Company's accounts receivable are past due but not impaired (2016 –\$16,786) and none of the Company's promissory notes receivable are past due or impaired.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities are due within the current operating period. Project deposits payable are due when corresponding project deposit is released from the Government of British Columbia. The project deposit will continue to be in place unless the Company decides to cease exploration of the related property. The Company manages liquidity risk through the management of its capital structure and financial leverage. The table below analyzes the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>February 28, 2017</b>			
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>2-5 years</b>	<b>Over 5 years</b>
Accounts payable and accrued liabilities	\$ 36,850	\$ -	\$ -	\$ -
Payables to related parties	6,905	-	-	-
Project deposits payable	-	-	6,500	-
<b>Total</b>	<b>\$ 43,755</b>	<b>\$ -</b>	<b>\$ 6,500</b>	<b>\$ -</b>

	<b>February 29, 2016</b>			
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>2-5 years</b>	<b>Over 5 years</b>
Accounts payable and accrued liabilities	\$ 67,541	\$ -	\$ -	\$ -
Payables to related parties	36,934	-	-	-
Project deposits payable	-	-	-	6,500
<b>Total</b>	<b>\$ 104,475</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,500</b>

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**14. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS** (continued)

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk is comprised of three types of risk: foreign currency risk, interest rate risk and equity price risk.

(i) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation as it has a limited number of transactions denominated in foreign currencies.

(ii) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding floating rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities. A 0.5% (2016 – 0.5%) decrease in short term rates would decrease interest income and increase net income/(loss) of the Company by approximately \$3,000 (2016 - \$3,000). The impact on equity is the same as the impact on loss before tax.

(iii) Equity Price Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its available-for-sale equity instruments. All of the Company's listed equity investments (Note 4) are common shares or common share purchase warrants of companies listed on the Toronto Stock Exchange's Venture Exchange and are monitored by management with decisions on sale taken at the board level. A 10% increase in the S&P/TSX Venture Composite Index at the reporting date would have increased equity by approximately \$32,400 after tax (2016 - \$16,800); an equal change in the opposite direction would have decreased equity by \$32,400 (2016 - \$16,800).

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**15. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level. The Company considers its capital for this purpose to be its shareholders' equity and cash and cash equivalents.

	<b>February 28, 2017</b>	<b>February 29, 2016</b>
Shareholders' equity	\$ 2,557,901	\$ 2,243,576
Cash and cash equivalents	\$ 746,774	\$ 687,723

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may seek additional financing, or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and any updated budgets are approved by the Board of Directors. The Company has no external restrictions on its capital.

In order to maximize ongoing development efforts, the Company does not currently pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures for continuing operations.

The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and it is confident it can raise additional funds to undertake all of its planned business activities. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.