



Transition Metals

Transition Metals Corp.

Consolidated financial statements for the years ended August 31, 2017 and 2016
(expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Transition Metals Corp.

We have audited the accompanying consolidated financial statements of Transition Metals Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at August 31, 2017 and 2016, and the consolidated statements of (loss) income and comprehensive (loss) income, consolidated statements of changes in equity and consolidated statements of 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Transition Metals Corp. and its subsidiaries as at August 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
December 29, 2017

Transition Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	August 31, 2017	August 31, 2016
		\$	\$
Assets			
Current assets			
Cash		975,429	1,616,132
Restricted cash equivalents	4	54,096	48,839
Amounts receivable	10	182,981	280,943
Investment in marketable securities	5	52,500	65,000
Prepaid expenses		15,457	25,825
Total current assets		1,280,463	2,036,739
Non-current assets			
Investment in SPC	6	3,249,990	4,021,350
Mineral exploration property acquisition costs	11	515,005	858,005
Equipment	8	25,577	34,630
Total assets		5,071,035	6,950,724
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	296,366	468,157
Total liabilities		296,366	468,157
Equity			
Share capital	9(a,b)	8,871,858	8,864,858
Warrants	9(d)	3,000	-
Share-based payment reserve	9(c)	1,395,314	1,355,699
Deficit		(6,180,995)	(3,783,474)
Equity attributable to shareholders		4,089,177	6,437,083
Net assets attributed to non-controlling interest	7	155,892	45,484
Options and warrants of subsidiary	7	529,600	-
Equity attributable to non-controlling interest		685,492	45,484
Total equity		4,774,669	6,482,567
Total liabilities and equity		5,071,035	6,950,724

Going concern (Note 2)

Commitments and contingencies (Notes 11 and 15)

Subsequent events (Note 17)

Please see accompanying notes to the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on December 29, 2017 and signed on its behalf by:

"Scott McLean", Director

"Jason Marks", Director

Transition Metals Corp.
Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian dollars)

For The Years Ended August 31,	Notes	2017 \$	2016 \$
Revenues			
Revenues from strategic alliances	11	107,425	656,677
Management fees	6	117,270	109,985
Total revenues		<u>224,695</u>	<u>766,662</u>
Expenses			
Exploration and evaluation expenditures	10,11	1,416,815	1,584,949
Consultant fees	10	241,027	343,018
Depreciation	8	9,053	12,455
Investor relations		152,126	93,107
Professional fees		118,963	110,744
Office and general		268,387	177,965
Share based compensation	9,10	309,700	39,000
Rent		53,521	52,773
Total expenses		<u>2,569,592</u>	<u>2,414,011</u>
Other Items			
Share of loss of investment accounted for using the equity method	6	(771,360)	(478,650)
Interest income		4,281	8,724
Other income		47,809	5,898
Gain on sale of marketable securities	5	-	157,655
Gain on sale of equipment		-	714
Unrealized loss on marketable securities		(12,500)	-
Foreign exchange loss		(1,900)	-
Total other items		<u>(733,670)</u>	<u>(305,659)</u>
Net (loss) from continuing operations		(3,078,567)	(1,953,008)
Loss from SPC operations to the date of loss of control net of tax effect of \$nil	6	-	(264,660)
Gain on deconsolidation of SPC	6	-	4,525,909
Net (loss) income and comprehensive (loss) income for the year		<u>(3,078,567)</u>	<u>2,308,241</u>
Net (loss) income and comprehensive (loss) income for the year attributable to:			
Non-controlling interest		(502,438)	(204,358)
Common shareholders		<u>(2,576,129)</u>	<u>2,512,599</u>
Net (loss) income and comprehensive (loss) income for the year		<u>(3,078,567)</u>	<u>2,308,241</u>
Basic and diluted net (loss) income per share			
(Loss) per share from continuing operations		(0.09)	(0.05)
(Loss) Income per share from discontinued operations		-	0.13
Net (loss) income per share		<u>(0.09)</u>	<u>0.08</u>
Weighted average number of common shares outstanding:			
Basic	9(e)	<u>33,752,766</u>	<u>33,315,799</u>
Diluted	9(e)	<u>33,752,766</u>	<u>33,327,590</u>

Please see accompanying notes to the consolidated financial statements

Transition Metals Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Common shares #	Share capital \$	Share-based payment reserve \$	Warrants \$	Deficit \$	Total \$	Options and warrants of subsidiary \$	Net assets attributed to Non- controlling interest \$	Total \$
Balance, August 31, 2015		32,731,541	8,765,033	1,316,699	1,168,118	(8,793,278)	2,456,572	847,947	315,470	3,619,989
Shares issued for property acquisitions	9(b)	987,892	99,825	-	-	-	99,825	-	-	99,825
Stock options	9(c)	-	-	39,000	-	-	39,000	-	-	39,000
Warrants expired	9(d)	-	-	-	(1,168,118)	1,168,118	-	-	-	-
Warrants of SPC expired	6	-	-	-	-	652,652	652,652	(652,652)	-	-
Issuance of shares by subsidiary, net of costs	6,7	-	-	-	-	676,435	676,435	-	111,066	787,501
Net income (loss) for the year		-	-	-	-	2,512,599	2,512,599	-	(204,358)	2,308,241
Deconsolidation of SPC	6	-	-	-	-	-	-	(195,295)	(176,694)	(371,989)
Balance, August 31, 2016		33,719,433	8,864,858	1,355,699	-	(3,783,474)	6,437,083	-	45,484	6,482,567
Balance, August 31, 2016		33,719,433	8,864,858	1,355,699	-	(3,783,474)	6,437,083	-	45,484	6,482,567
Shares and warrants issued for property acquisitions	9(b)	50,000	7,000	-	3,000	-	10,000	-	-	10,000
Stock options	9(c)	-	-	104,800	-	-	104,800	-	-	104,800
Stock options expired	9(c)	-	-	(65,185)	-	65,185	-	-	-	-
Issuance of share based payments by subsidiary	7	-	-	-	-	-	-	529,600	-	529,600
Issuance of shares by subsidiary, net of costs	7	-	-	-	-	113,423	113,423	-	612,846	726,269
Net (loss) for the year		-	-	-	-	(2,576,129)	(2,576,129)	-	(502,438)	(3,078,567)
Balance, August 31, 2017		33,769,433	8,871,858	1,395,314	3,000	(6,180,995)	4,089,177	529,600	155,892	4,774,669

Please see accompanying notes to the consolidated financial statements

Transition Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For The Years Ended August 31,

	Notes	2017 \$	2016 \$
Operating Activities			
Net (loss) income for the year		(3,078,567)	2,308,241
Add items not affecting cash			
Shares and warrants issued for property acquisitions		10,000	99,825
Depreciation		9,053	12,455
Gain on sale of equipment		-	(714)
Gain on sale of marketable securities		-	(157,655)
Unrealized loss on marketable securities		12,500	-
Foreign exchange loss		1,900	-
Share based compensation		309,700	39,000
Subsidiary shares issued for services		-	205,000
Subsidiary shares issued for property acquisitions		255,000	100,000
Gain on deconsolidation of SPC		-	(4,525,909)
Share of loss of investment accounted for using the equity method		771,360	478,650
Loss from discontinued operations		-	264,660
Write down of mineral exploration property acquisition costs		343,000	341,000
Property option payments received in shares		-	(65,000)
Net change in non-cash working capital		(64,112)	102,629
Cash flows from operating activities		<u>(1,430,166)</u>	<u>(797,818)</u>
Investing Activities			
Purchase of equipment		-	(1,600)
Proceeds on sale of equipment		-	1,500
Proceeds on sale of marketable securities	5	-	237,655
Cash in SPC on deconsolidation		-	(670,939)
Restricted cash equivalents		(5,257)	14,644
Cash flows from investing activities		<u>(5,257)</u>	<u>(418,740)</u>
Financing Activities			
Repayment of lease payable		-	(1,579)
Issuance of non-controlling interest shares	6,7	817,250	548,840
Cost of issuances		(22,530)	(12,500)
Cash flows from financing activities		<u>794,720</u>	<u>534,761</u>
Decrease in cash		(640,703)	(681,797)
Cash, beginning of year		<u>1,616,132</u>	<u>2,297,929</u>
Cash, end of year		<u>975,429</u>	<u>1,616,132</u>

Supplemental information (Note 16)

Please see accompanying notes to the consolidated financial statements

Transition Metals Corp.
Notes to the Consolidated Financial Statements
August 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. Nature of Operations

Transition Metals Corp. (“TMC” or the “Company”) and its Canadian subsidiaries, HTX Minerals Corp. (“HTX”), Sudbury Platinum Corp. (“SPC”) to the date of loss of control, and Canadian Gold Miner Corp. (“CGM”) (collectively referred to as the “Company”) are engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company’s registered office is 77 King Street West – Suite 400, Toronto, Ontario, M5K 0A1.

On August 14, 2013, TMC completed a plan of arrangement with HTX pursuant to which TMC acquired all of the issued and outstanding shares of HTX in exchange for 15,391,200 common shares of TMC. As a result of the transaction, the former shareholders of HTX became the majority shareholders of TMC and the transaction was accounted for as a reverse acquisition with HTX identified as the accounting acquirer. The consolidated entity continued under the name of Transition Metals Corp.

On September 9, 2013, the Company incorporated a private company, SPC and transferred to it two properties being Aer Kidd and Owen Nickel in exchange for 15,000,000 common shares in SPC, representing 100% of the common stock of SPC. SPC issued a further 26,403,195 common shares to outside parties since incorporation resulting in the Company owning 36% of SPC at August 31, 2017 (2016 - 36%). SPC was included in the consolidated financial statement until March 23, 2016 at which time it was deconsolidated and became an associate.

On October 27, 2015, the Company incorporated a wholly owned subsidiary CGM and on February 15, 2016, transferred five property groupings that are part of the Abitibi Greenstone Belt Gold portfolio including; West Matachewan, Jumping Moose, Elephant Head, Golden Elk and New Kirkland to CGM in consideration of 15 million common shares of CGM. As at August 31, 2017, the Company held approximately 50% of the common shares of CGM (2016-65%).

2. Going Concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis.

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 to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to 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 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these consolidated financial statements.

2. Going Concern - Continued

The Company in part, raises capital and equity for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Management believes that it has sufficient working capital to support operations for the next 12 months. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

3. Summary of Significant Accounting Policies

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The accounting policies are based on the IFRS standards and International Reporting Interpretations Committee ("IFRIC") interpretations that are effective for each reporting period presented.

Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. These consolidated financial statements reflect the following accounting policies which have been applied consistently to all periods presented, except where disclosed.

Principles of Consolidation

These consolidated financial statements include the accounts of HTX, SPC until March 23, 2016 (the date of loss of control) and CGM. All intercompany transactions and resulting balances have been eliminated on consolidation. As at August 31, 2017, the Company held a 100% interest in HTX (2016 – 100%) and a 50% interest in CGM (2016 – 65%).

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 consolidated 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.

3. Summary of Significant Accounting Policies - Continued

Principles of Consolidation (Continued)

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated statement of financial position. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary. Warrants and stock options issued by subsidiaries, exercisable into subsidiary shares, are presented as a component of non-controlling interest in the consolidated statement of financial position.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The partial disposal of an interest resulting in loss of control meets the definition of a disposal group. A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income or loss. Additional disclosures are provided in Notes 6 and 16. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

Financial Instruments

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss. Financial assets are recognized on the trade date at which the Company becomes party to the contractual provisions of the instrument.

A financial asset is classified at fair value through profit or loss (“FVTPL”) if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Realized and unrealized gains and losses are reflected in the statement of comprehensive loss. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. The Company has designated its restricted cash equivalents and its investments in marketable securities as FVTPL.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments (Continued)

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are de-recognized or impaired, as well as through the amortization process. The Company has designated its cash and amounts receivable as loans and receivables.

Available-for-sale instruments are non-derivative financial assets that do not meet the definition of loans and receivables, are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. The Company did not have any available-for-sale instruments during the years ended August 31, 2017 and 2016.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transactions costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of (loss) income and comprehensive (loss) income.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been, had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of (loss) income and comprehensive (loss) income.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). During the years ended August 31, 2017 and 2016, the restricted cash equivalents have been classified as Level 2 of the fair value hierarchy, and investments in marketable securities have been classified as Level 1 for publicly traded securities.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments (Continued)

Financial Liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as other financial liabilities. Accounts payable and accrued liabilities, and lease payable are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Accounts payable and accrued liabilities and lease payable are classified as other financial liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand and balances with banks and short-term investments with original maturities of three months or less.

Revenue Recognition

Revenues received from strategic alliances are recognized in the period in which they are earned and collectability is reasonably assured. The strategic alliance agreements allow for either the Company or the strategic partner to terminate the agreement at any time.

Management fee revenue is recognized when the services are rendered and collectability is reasonably assured.

Interest income and other income are recorded on an accrual basis.

Investments in Associates

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments over which the Company has the ability to significantly influence are initially recorded at cost. When the initial recognition of the investment in the associate occurs as a result of a loss of control of a former subsidiary, the fair value of the retained interest in the former subsidiary on the date of the loss of control is deemed to be the cost on initial recognition. Investment (loss) income is calculated using the equity method.

The Company's share of the associate's profit or loss is recognised in the statement of (loss) income and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of (loss) income.

3. Summary of Significant Accounting Policies - Continued

Investments in Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investors' interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in the statement of (loss) income.

The investment account of the investor reflects:

- i) the cost of the investment in the investee;
- ii) the investment income or loss (including the investor's proportionate share of discontinued operations and extraordinary items) relating to the investee subsequent to the date when the use of the equity method first became appropriate; and
- iii) the investor's proportion of dividends paid by the investee subsequent to the date when the use of the equity method first became appropriate.

During the year ended August 31, 2016, the Company deconsolidated its former subsidiary SPC, and now classifies SPC as an Investment in Associate as the Company's direct ownership has been diluted to 36% and the Company no longer has control over SPC.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred other than property interests acquired in a business combination, which are capitalized. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and exploration and evaluation activity. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Joint Ventures

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ("JO") and joint ventures ("JV"). A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Interest in JV are accounted for using the equity method.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of JO and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

As at August 31, 2017 and 2016, the Company did not have any JV or JO.

3. Summary of Significant Accounting Policies - Continued

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives as follows:

Computer equipment and software	- 2 year straight line
Exploration equipment	- 30% diminishing balance
Furniture	- 20% diminishing balance
Vehicles	- 30% diminishing balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including equipment and mineral exploration property acquisition costs are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of individual assets, the impairment test is carried out on the asset's cash-generation unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income/loss.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3. Summary of Significant Accounting Policies - Continued

Income Taxes- Continued

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-Based Payments and Warrants

Where equity-settled share options are awarded to employees and consultants, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period. When stock options and warrants are granted by TMC the corresponding increase is recorded to share based payment reserve and when granted by a subsidiary the corresponding increase is recorded to non-controlling interest and classified as stock options and warrants.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on the grant date.

Where equity instruments are granted to employees, they are recorded at the fair value at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

3. Summary of Significant Accounting Policies - Continued

Share-Based Payments and Warrants - Continued

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital for any consideration paid.

Where cash-settled share-based payments are granted, the goods or services acquired and the liability incurred is measured at the fair value of the liability. Until the liability is settled, the fair value is re-measured at the end of each reporting period and at the date of settlement, by applying an option pricing model, with any changes in fair value recognized in profit or loss for the period. The measurement of the liability takes into account, the terms and conditions on which the share appreciation rights were granted and to the extent to which the employees or consultants have rendered service to the date of measurement.

Foreign Currency Transactions and Translation

The functional currency and reporting currency is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates in effect on the date of the transactions. Exchange gains and losses arising on translation are included in income/loss.

Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under contract. At each statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation. The Company had no material provisions as at August 31, 2017 and 2016.

Decommissioning Liabilities

A legal or constructive obligation to incur decommissioning liabilities may arise when environmental disturbance is caused by the exploration, development or mining of a mineral property interest. Such costs arising from the decommissioning of plant and other site work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company had no material decommissioning liabilities as at August 31, 2017 and 2016.

3. Summary of Significant Accounting Policies - Continued

(Loss) Income per Share

Basic (loss) income per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted (loss) income per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted (loss) income per share calculation. The diluted (loss) income per share calculation excludes any potential conversion of options and warrants that would decrease (loss) income per share or increase income per share. Options and warrants have a dilutive effect only when the average market price of the shares exceeds the exercise price of the options or warrants. The diluted loss per share is the same as basic loss per share for the year ended August 31, 2017 as the effects of including all outstanding options and warrants would be anti-dilutive.

Flow-through Shares

The Company may, from time to time, issue flow through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Company derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement is prospective, the Company derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

Company as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals are recognized as expenses in the periods in which they are incurred.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments (Continued)

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

Impairment of Mineral Exploration Property Acquisition Costs

While assessing whether any indications of impairment exist for mineral exploration property acquisition costs, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could 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. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. 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 mineral exploration property acquisition costs.

Income, Value Added, Withholding and Other Taxes

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 is also subject to tax regulations as they relate to flow-through financing arrangements. 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.

Determination of Significant Influence and Impairment of Investment in Associate

Effective March 23, 2016, the Company has classified SPC as an associate based on management's judgment that the Company has significant influence through board representation and 36% of the voting rights.

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The determination of impairment requires significant judgement and can be triggered by significant adverse changes in the market, economic or legal environment in which the associate operates.

Determination of Control

The Company has classified CGM as a subsidiary based on management's judgement that the Company has control through majority board representation and 50% of the voting rights.

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments (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 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. The assumptions and models used for estimating fair value for share-based payment transactions is disclosed in Note 9. The expected volatility assumptions for TMC option and warrant grants was based on the historical volatility of TMC shares.

Contingencies

Refer to Note 15.

Existence of Decommissioning and Restoration Costs and the Timing of Expenditure

Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and 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 with regulatory authorities.

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 commencing on or after September 1, 2017. 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.

- i. IFRS 9 - *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 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, with early adoption permitted.
- ii. 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 amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of this standard had no material impact on the Company.

3. Summary of Significant Accounting Policies – Continued

New standards not yet adopted and interpretations issued but not yet effective - Continued

- iii. IFRS 11 - *Joint Arrangements* ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of this standard had no material impact on the Company.
- iv. IAS 1 – *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of this standard had no material impact on the Company.
- v. IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- vi. IFRS 16 - *Leases* ("IFRS 16") was issued in January 2016 and replaces IAS 17 - Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

The Company has not early adopted any of these standards or interpretations and is currently assessing the impact of the revised standards and interpretations on its consolidated financial statements.

4. Restricted Cash Equivalents

As at August 31, 2017, the Company held GICs in the aggregate amount of \$54,096 (August 31, 2016 - \$48,839) as security for its corporate credit cards.

5. Investment in Marketable Securities

The Company holds 1,500,000 common shares (August 31, 2016: 1,000,000) of Aldershot Resources Ltd. ("Aldershot") pursuant to an option agreement (Note 11(a)). The Aldershot shares have been valued at \$0.035 per share as at August 31, 2017(2016 - \$0.065) based on their quoted market price.

During the year ended August 31, 2016, the Company sold 1,000,000 shares of Gowest Gold Ltd. ("Gowest") for proceeds of \$237,655. The Company owns nil common shares of Gowest at August 31, 2016.

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6. Investment in Sudbury Platinum Corp. (“SPC”)

TMC has entered into a multi-year operating agreement with SPC to provide exploration services related to the Aer Kidd property, the terms of the agreement allow for the Company to earn a 10% management fee on all exploration costs incurred by SPC. Included in management fees is \$83,800 (2016 - \$39,156) charged to SPC during the year ended August 31, 2017. Included in accounts receivable as at August 31, 2017, is \$12,832 (2016 - \$100,590) due from SPC.

The Company consolidated SPC for the period from incorporation to March 23, 2016, the date at which TMC’s shareholdings were diluted to 36%. The loss of control resulted in a gain on deconsolidation of \$4,525,909 during the year ended August 31, 2016, based on the price of SPC shares issued in a concurrent financing. As the loss of control of SPC met the definition of a disposal group under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the operating activities of SPC have been characterized as discontinued operations in the consolidated statement of (loss) income and comprehensive (loss) income.

A continuity of the investment in SPC as an associate is as follows:

Balance, August 31, 2015	\$ -
Acquisition of investment as a result of loss of control	4,500,000
Share of the loss for the period subsequent to acquisition	<u>(478,650)</u>
Balance, August 31, 2016	4,021,350
Share of the loss for the year	<u>(771,360)</u>
Balance, August 31, 2017	<u>\$3,249,990</u>

Summarized financial information for SPC as at August 31, 2017 and 2016 and for the years then ended is as follows:

	2017	2016
	\$	\$
Current and total assets	519,766	2,638,201
Current and total liabilities	314,646	433,516
Total equity	205,120	2,204,685
Net loss and comprehensive loss	(2,129,065)	(1,573,112)
Cash flows from operating activities	(1,486,092)	(2,062,821)
Cash flows from investing activities	76	(110)
Cash flows from financing activities	-	3,208,032

At August 31, 2017, the following SPC options were outstanding and available to be exercised:

Grant Date	Number	Exercise	
		Price	Expiration
June 27, 2014	755,000	\$0.43	June 27, 2019
March 30, 2016	775,000	\$0.30	March 30, 2021
May 3, 2017	775,000	\$0.20	April 10, 2022
	<u>2,305,000</u>		

At August 31, 2017, SPC had 137,071 warrants (2016 – Nil) outstanding at an exercise price of \$0.35 expiring March 21, 2019.

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7. Canadian Gold Miner Corp. (“CGM”)

On October 27, 2015, the Company incorporated a subsidiary, CGM. On February 15, 2016, the Company assigned five property groupings that are part of its Abitibi Gold portfolio including West Matachewan, Jumping Moose, Elephant Head, Golden Elk and New Kirkland to CGM in consideration of 15 million common shares of CGM. A further 1,000,000 shares of CGM were issued to a third party for the acquisition of the Midlothian property.

In addition, TMC entered into a multi-year operating agreement with CGM to provide exploration services, the terms of which allow for the Company to earn a 10% management fee on all exploration costs incurred by CGM and administered through the operating agreement with the Company.

On August 5, 2016, 2,050,000 CGM shares, valued at \$0.10 per share based on the share price of the ongoing financing completed on August 18, 2016, were issued as payment for various services rendered. Directors and key management personnel of TMC received 1,605,000 of these shares as payment for services rendered.

On August 18, 2016, CGM completed a private placement for gross proceeds of \$495,000. CGM issued 4,950,000 common shares at \$0.10 per share. After giving effect to the financing, TMC held approximately 65% of the common shares of CGM with 35% held by non-controlling interests. Total share subscriptions by directors and key management personnel of TMC were 700,000 common shares for proceeds of \$70,000.

On February 28, 2017, CGM completed a private placement for gross proceeds of \$460,250. CGM issued 2,914,998 units at \$0.15 and 115,000 at \$0.20 per common flow through share. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.25 on or before February 28, 2020. Concurrently CGM issued 1,333,333 common shares at a deemed price of \$0.15 (see note 11(c)) in accordance with a mineral property option agreement. After giving effect to the issuances, TMC held approximately 54% of the common shares of CGM. Total share subscriptions by directors and key management personnel of TMC were 226,000 common shares for proceeds of \$34,000.

In April 2017, CGM completed private placements for gross proceeds of \$357,000. CGM issued 2,380,000 units at \$0.15. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.25 on or before the third anniversary of issuance. Concurrently, CGM issued 50,000 common shares at a deemed price of \$0.15 in accordance with a mineral property option agreement. After giving effect to the issuances, TMC held approximately 50% of the common shares of CGM. Total share subscriptions by directors and key management personnel of TMC were 20,000 common shares for proceeds of \$3,000.

On August 31, 2017, CGM issued 150,000 common shares at a deemed price of \$0.15 (see note 11(c)) in accordance with a mineral property option agreement. TMC held approximately 50% of the common shares of CGM.

Summarized financial information for CGM as at August 31, 2017 and 2016 and for the years then ended is as follows:

	2017	2016
	\$	\$
Current and total assets	503,940	509,219
Current and total liabilities	199,455	373,179
Total equity	304,485	136,040
Net loss and comprehensive loss	(1,087,425)	(2,151,461)
Cash flows from operating activities	(840,179)	(15)
Cash flows from investing activities	(5,000)	-
Cash flows from financing activities	794,720	482,500

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7. Canadian Gold Miner Corp. (“CGM”) - Continued

At August 31, 2017, the following CGM options to purchase common shares were outstanding and available to be exercised:

Grant Date	Number	Exercise	
		Price	Expiration
September 20, 2016	1,000,000	\$0.10	September 20, 2021
June 6, 2016	50,000	\$0.30	June 6, 2021
March 2, 2017	125,000	\$0.10	March 2, 2022
April 26, 2017	1,335,000	\$0.15	April 26, 2022
April 26, 2017	50,000	\$0.30	April 26, 2020
	2,560,000		

At August 31, 2017, the following CGM warrants to purchase common shares were outstanding and available to be exercised:

Issue Date	Number	Exercise	
		Price	Expiration
February 28, 2017	2,914,998	\$0.25	February 28, 2020
April 7, 2017	1,000,000	\$0.25	April 7, 2020
April 21, 2017	1,380,000	\$0.25	April 21, 2020
	5,294,998		

8. Equipment

	Computer				Total
	Furniture	Vehicles	Equipment and Software	Exploration Equipment	
Cost	\$	\$	\$	\$	\$
Balance August 31, 2015	32,906	107,514	269,453	57,170	467,043
Additions (disposals) net	-	-	-	(3,900)	(3,900)
Balance August 31, 2016	32,906	107,514	269,453	53,270	463,143
Additions (disposals)	-	-	-	-	-
Cost at August 31, 2017	32,906	107,514	269,453	53,270	463,143
Accumulated depreciation and impairment					
Balance at August 31, 2015	22,235	82,728	269,453	46,357	420,773
Additions (disposals)	2,134	7,436	-	(1,830)	7,740
Balance at August 31, 2016	24,369	90,164	269,453	44,527	428,513
Additions (disposals)	1,708	5,205	-	2,140	9,053
Balance at August 31, 2017	26,077	95,369	269,453	46,667	437,566
Net book value August 31, 2016	8,537	17,350	-	8,743	34,630
Net book value August 31, 2017	6,829	12,145	-	6,603	25,577

9. Share Capital

a) Authorized

An unlimited number of common shares with no par value

An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable

b) Transactions

Year ended August 31, 2017

On January 9, 2017, the Company issued 50,000 common shares valued at \$7,000, pursuant to a First Nations memorandum of understanding agreement.

Year ended August 31, 2016.

On January 25, 2016, the Company completed the acquisition of several exploration properties for the issuance of 980,392 common shares valued at \$100,000 based on the market price of the shares on the date of issuance, and \$100,000 in cash. See Notes 11(j) for a description of the exploration assets acquired and retained.

On February 1, 2016, the Company issued 7,500 common shares valued at \$825 based on the market price on the date of issue, pursuant to the Golden Elk agreement as disclosed in Note 11(b).

c) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at a minimum of the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

On March 30, 2016, the Company granted 300,000 incentive stock options to directors, management and employees of the Company, exercisable at \$0.15 per share for a period of 5 years. The grant date fair value of \$0.13 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 146%, expected dividend yield of 0%, and a risk free interest rate of 0.69%. The options vested immediately.

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9. Share Capital – Continued

At August 31, 2017, the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
August 14, 2013	787,500	\$0.23	August 14, 2018	0.95	\$0.10
December 5, 2013	100,000	\$0.20	December 5, 2018	1.26	\$0.10
April 25, 2014	1,302,500	\$0.40	April 25, 2019	1.65	\$0.35
March 30, 2016	275,000	\$0.15	March 30, 2021	3.58	\$0.13
May 3, 2017	655,000	\$0.20	May 3, 2022	4.67	\$0.16
	3,120,000	\$0.29		2.27	

A summary of stock option activity during the years ended August 31, 2017 and 2016 is as follows:

	Number of Outstanding Options	Weighted Average Exercise Price
Outstanding – August 31, 2015	2,400,000	\$0.33
Issued	300,000	\$0.15
Expired	(95,000)	\$0.40
Outstanding – August 31, 2016	2,605,000	\$0.31
Issued	655,000	\$0.20
Expired	(140,000)	\$0.28
Outstanding – August 31, 2017	3,120,000	\$0.29

d) Warrants

A summary of warrant activity during the years ended August 31, 2017 and 2016 is as follows:

	Number of Outstanding Warrants	Weighted Average Exercise Price
Outstanding – August 31, 2015	8,282,149	\$0.37
Expired	(8,282,149)	\$0.37
Outstanding - August 31, 2016	-	-
Issued	50,000	\$0.18
Outstanding – August 31, 2017	50,000	\$0.18

e) Basic and Diluted (Loss) Income Per Share

The total number of shares issuable from options and warrants that are excluded from the computation of diluted (loss) income per share for the year ended August 31, 2017 because their effect would be anti-dilutive was 3,170,000 (2016 – 2,305,000).

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10. Related Party Transactions

a) 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 for the years ended August 31, 2017 and 2016 was as follows:

	2017	2016
	\$	\$
Short term benefits	402,715	371,025
Share based payments	204,206	9,100
	<u>606,921</u>	<u>380,125</u>

Short term benefits are included in: consultant fees and exploration and evaluation expenditures. Included in accounts payable and accrued liabilities as at August 31, 2017, is \$53,870 (2016 - \$15,923) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand. Included in accounts receivable as at August 31, 2017 is \$12,832 (2016 - \$100,590) due from SPC. This amount is unsecured, non-interest bearing and due on demand.

b) See also Notes 7 and 9(c).

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11. Exploration Properties

As at August 31, 2017, the capitalized balance of mineral exploration property acquisition costs totalling \$515,005 (2016 – \$858,005) related to the acquisition of TMC by HTX, are allocated to the former TMC properties as follows: Gowganda Gold \$300,505 (2016 - \$581,505), Janice Lake \$117,000 (2016 – \$117,000), Pipestone - \$23,500 (2016 - \$85,500), Kidd Gold - \$17,000 (2016 – \$17,000), Homathko - \$52,000 (2016 – \$52,000), Doherty Lake - \$5,000. (2016 – \$5,000).

Summary of exploration and evaluation expenditures for the years ended August 31, 2017 and 2016:

Property		2017 \$	2016 \$
New project generation expenditures		50,769	66,234
Gowganda Gold	a	429,553	17,199
West Matachewan	b	66	57,149
Golden Elk	b	396	50,469
Elephant Head	b	(5,256)	56,002
Jumping Moose	b	(4,366)	100,355
Lincoln Nipissing	c	506,646	-
Midlothian	c	82,363	387,685
NRC new project generation expenditures	e	3,729	16,485
NRC Itchen Lake	e	3,982	2,040
NRC CO-20 Fire Shear	e	1,559	21,757
Janice Lake	f	13,470	29,950
Sunday Lake	g	86,793	580,762
Saturday Night	h	101,754	-
Eva Kitto	h	3,000	1,530
Timber Wolf	i	11,413	4,749
Other	j	130,944	192,583
Totals		1,416,815	1,584,949

Abitibi Gold – Ontario (a -d)

a) Gowganda Gold

The Company holds an interest in approximately 3,904 hectares consisting of 37 mining claims in Nicol, Haultain, and Van Hise townships in the Larder Lake Mining District near the town of Gowganda, Ontario.

On October 31, 2016, the Company and Aldershot Resources Ltd. (“Aldershot”) entered into a definitive option and joint venture agreement. Under the agreement, Aldershot can earn a 51% interest in the property by committing to funding \$400,000 (incurred) worth of exploration on property in year one, and incur cumulative work expenditures totaling \$2,000,000 by the third anniversary of the agreement. In addition, Aldershot must issue 1,500,000 common shares to the Company on signing (1,500,000 received), and provide an additional \$450,000 worth of Aldershot shares to the Company by the second anniversary date, subject to exchange approvals. During the course of the initial stage of the option, The Company has agreed to serve as program operator.

11. Exploration Properties – Continued

a) Gowganda Gold - Continued

Upon earning its initial 51% interest, Aldershot may elect to acquire an additional 24% interest in the property (for a total of 75%) by committing to completing a feasibility study. Upon Aldershot earning its 51% or 75% interest in the property as the case may be, a joint venture would be formed, with each party obliged to fund work programs on the property to maintain its respective interest. Portions of the property remain subject to an underlying agreement which conveys a 2% NSR to the original claim holder of which 1.5% of the NSR can be repurchased by the joint venture for \$1,750,000.

Pursuant to a First Nations Memorandum of Understanding (MOU) there is a 2% commitment to the First Nations on all exploration and evaluation expenditures and up to a \$15,000 commitment per year to fund an Environmental/Elders Committee.

b) West Matachewan, Jumping Moose, Elephant Head, Golden Elk, Paragon Hitchcock and New Kirkland properties (CGM)

On March 2, 2016, CGM and TMC entered into agreements to assign a 100% interest in an approximate 60 square kilometre portfolio of early stage gold exploration projects located along the Cadillac Larder and Ridout structures in the Larder Lake Mining District of Ontario. The agreements sold a 100% interest in five property groupings; West Matachewan, Jumping Moose, Elephant Head, Golden Elk and New Kirkland, totaling 5,952 hectares in consideration of 15 million common shares of CGM with TMC retaining a 2% Net Smelter Return Royalty (NSR) on all properties not already encumbered by underlying royalties. The NSR provision affords CGM the ability to buy back up to 1% this NSR on any and each property by making a payment of \$1.5 million to TMC at any point up until a production decision. TMC is also entitled to receive a milestone payment of \$1.0 million for each transferred property upon a production decision. TMC will serve as project operator on behalf of CGM in the Larder Lake Mining District until such point that its interest in CGM is diluted to less than 33% or a period of 2 years or as mutually agreed.

West Matachewan

CGM owns a 100% interest in 12 claims in Doon Township, Larder Lake Mining District. Previously TMC acquired 6 of the 12 claims from Ashley Gold Mines Limited (“Ashley”) by exercising an option agreement during the year ended August 31, 2015. The Company completed payments totaling \$30,000, and issued 15,000 common shares in order to exercise its option. Ashley has retained a 2% NSR from any commercial production. The Company may purchase 1% of the NSR for \$1,000,000 at any time.

As of the date of these financial statements this project was put under exclusion by the Ministry of Northern Development and Mines while consultation with local stakeholders is ongoing.

Jumping Moose

Prior to the assignment to CGM, TMC had entered into an option agreement with Swain & Decker (“Swain”) to acquire a 100% interest in properties in Burrows and Kemp Townships in the Province of Ontario, subject to a 2% NSR of which half (1%) can be purchased any time for the aggregate sum of \$1,000,000.

In 2015, TMC exercised its option and acquired a 100% interest in the Jumping Moose Property by completing total cash payments of \$35,000, issuing 50,000 shares of TMC and incurring work expenditures of \$250,000.

11. Exploration Properties – Continued

Jumping Moose - Continued

On March 6, 2017, CGM announced that it entered into two option and joint venture agreements that allow Trelawney Mining and Exploration Inc. (“Trelawney”) (a wholly owned subsidiary of IAMGOLD Corp.), to earn up to an 80% interest in the Jumping Moose and Elephant Head projects, (see below). Under the terms of the option and joint venture agreements, Trelawney can earn an initial 51% interest in either or both projects by incurring \$850,000 of expenditures and paying CGM \$80,000 in cash over 3 years on each property, with an option to increase up to an 80% interest by incurring an additional \$2,000,000 in expenditures and making additional \$250,000 in cash payments on each it vests it 51% interest to CGM over 2 years following the initial 51% interest earn in. Upon earning a 51% or 80% interest, the option will convert to a joint venture with each party providing funding to maintain its proportionate interest or have its interest diluted in favour of the other party. Should a party be diluted to 10% or less, its interest would be converted to a 2% NSR. The Jumping Moose property remains subject to an underlying 2% NSR to the original land holder and a \$1,000,000 commercial production payment to TMC.

Pursuant to a First Nations Memorandum of Understanding (MOU) there is a 1% commitment to the First Nations on all exploration and evaluation expenditures.

Elephant Head

Prior to the assignment TMC held a 100% interest in 9 claims (2016 – 10 claims) located in Connaught Township, Ontario. As of the date of these financial statements, these claims were put on a temporary hold by the Ministry of Northern Development and Mines while consultation with local stakeholders is ongoing.

Golden Elk

Prior to the assignment to CGM, TMC had executed an option agreement to acquire certain mineral rights on patented property in Tudhope Township located near Elk Lake Ontario, Larder Lake Mining District. The optionor retained a 2% NSR from any commercial production. CGM may purchase a 0.5% NSR for \$250,000 and a further 0.5% NSR for an additional \$750,000 at anytime. CGM has a vested 100% ownership interest in the property.

Prior to the assignment to CGM, TMC had executed an option agreement to acquire certain mineral rights on patented property in Timiskaming Mining District, Ontario. The optionor retained a 3% NSR from any commercial production. CGM may purchase a 1% NSR for \$750,000 at any time.

Paragon Hitchcock

On May 17, 2017, CGM entered into an option to purchase agreement with two vendors for 4 mining claims located in Tudhope Township Larder Lake Mining District, Ontario. Under the terms of the agreement, CGM must make staged cash payments of \$75,000 (\$5,000 paid) and staged work expenditures totaling \$250,000 on or before the third anniversary of the agreement. Upon execution of the option, the vendors retain a 2% NSR of which up to 1% can be purchased for \$1,000,000 at any time.

New Kirkland

Prior to the assignment to CGM, TMC owned a 100% interest in 1 claims (2016 – 3 claims) in Bayly and Skead townships, Larder Lake Mining District. TMC also held a 100% interest in 5 claims that were staked in Boston Township, Ontario.

11. Exploration Properties – Continued

c) Lincoln-Nipissing and Midlothian properties (CGM)

Lincoln-Nipissing Project

On August 31, 2016, CGM optioned a 61 km² covering approximately 23 kilometres of strike along the Lincoln-Nipissing break from Skead Holdings Ltd. Under its agreement with Skead, CGM can earn a 51% interest by incurring work expenditures totaling \$2.75 million, issuing 600,000 common shares and providing \$200,000 in cash payments over 3 years with an ability to earn up to a 100% interest by taking a project to commercial production subject to a \$1.0 million commercial production payment. Once commercial production has been established, the property would be subject to a 2.5% NSR, of which 0.5% could be repurchased by the Company for \$1.5 million.

Pursuant to a First Nations Memorandum of Understanding (MOU) there is a 2% commitment to the First Nations on all exploration and evaluation expenditures.

Midlothian Project

On February 29, 2016, CGM executed a purchase and sale agreement with Kiska Metals Corp. (“Kiska”) and Rimfire Minerals Corp. to acquire a 100% interest in the Midlothian property. Under the terms of the agreement, Kiska assigned a 100% interest in the property to CGM subject to an underlying purchase and sale agreement and royalty agreement with Laurion Mineral Exploration Inc. Consideration is 1,000,000 common shares of CGM on signing (issued), with additional consideration to include \$200,000 worth of CGM shares (1,333,333 shares issued) before the first anniversary of the agreement. Additionally, Kiska would be entitled to receive a \$2.5M milestone payment within 6 months of Commercial Production, payable in cash or shares at the election of CGM. In accordance with the underlying royalty agreement, the Midlothian property would be subject to a 2.5% NSR on all precious and 1.5% NSR on any base metal products sold following the establishment of commercial production on the property.

d) Pipestone – Optioned to Gowest Gold Ltd.

This group of properties is comprised of 27 claims (2016 – 27 claims) located in the Wark, Prosser, Little and Evelyn townships in Ontario, wholly owned by the Company. On April 27, 2011 and as amended February 3, 2014, the Company entered into an option and joint venture agreement with Gowest Gold Ltd. (“Gowest”) that provides Gowest with the option to acquire a 60% interest or 75% interest in the Pipestone Property. To earn a 60% in the Pipestone Property, Gowest would be required to make cash payments of \$100,000 (\$100,000 received), issue 500,000 common shares of Gowest to the Company (500,000 issued) and incur exploration expenditures of \$1,000,000 by the fourth-year anniversary of the agreement. Furthermore, Gowest retains the one-time option upon vesting its 60% interest to increase its ownership to 75% by issuing an additional 150,000 Gowest common shares to the Company and incurring an additional \$2,000,000 in exploration expenditures within two years. On April 25, 2016, Gowest vested its initial 60% interest in the property and notified the Company that it would not be increasing its interest to 75%. In 2017, the Company declined its right to maintain its 40% participating right in the project and may have its interest diluted accordingly.

e) Nunavut Resources Corporation Strategic Alliance

HTX entered into a strategic alliance agreement with Nunavut Resources Corporation (“NRC”) dated March 1, 2012 whereby HTX carries out project generation and mineral exploration in the Kitikmeot Region of the Territory of Nunavut on behalf of the parties on both Inuit Owned Lands (“IOL”) and federal owned lands in Nunavut over the five-year agreement. Exploration projects can be designated under the agreement to convert to joint ventures between the parties.

11. Exploration Properties – Continued

e) Nunavut Resources Corporation Strategic Alliance - Continued

Projects designated on IOL, where the mineral rights are administered by the Nunavut Tunngavik Corporation (“NTI”), are initially assigned 20% HTX and 80% NRC ownership, with an option for HTX to earn another 30% of the joint venture designated property by solely incurring an additional \$2,000,000 of expenditures, within 24 months. Projects designated on Crown Lands administered by the Federal government will have an initial ownership of 50% HTX and 50% NRC. HTX will be the initial operator and will collect an operator’s fee based on 10% of expenditures. HTX also has the casting vote in terms of making exploration committee decisions, except in situations that involve cost overruns in amounts exceeding 10% of approved budgets.

If either party dilutes to less than a 10% interest through non-participation in future joint venture programs, their interest converts to a 2.0% NSR of which 50% can be purchased by the other party for \$1,000,000.

During the year ended August 31, 2017, the Company received \$89,455 (2016 – \$98,865) in expense recoveries which is recorded as revenue from strategic alliances in the statement of (loss) income and \$8,945 in management fees (2016 - \$9,887).

During the reporting period, the Alliance held interest in 5 property groupings located in Nunavut and the Northwest Territories.

Itchen Lake

The Itchen Lake property is comprised of 10 contiguous staked claims (2016 – 10 claims), in western Nunavut. The claims are registered 100% to TMC but remain subject to the NRC strategic alliance.

CO-31 Arcadia Bay

The CO-31 Arcadia Bay property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014.

CO-20 Fire Shear

The CO-20 Fire Shear property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014.

CO-30 Anialik

The CO-30 Anialik property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014.

Article 41

The Article 41 property is 36 kilometres northeast of Yellowknife and was granted to the Kitikmeot Inuit Association as part of the Nunavut Land Claims Agreement (1993/1999). The claims are registered 100% to are subject to the NRC strategic alliance agreement.

11. Exploration Properties – Continued

Saskatchewan Copper

f) Janice Lake, Saskatchewan

The Company currently holds a 100% interest in 6 mining claims (2016 – 8 claims) in Saskatchewan.

Thunder Bay - Ni-Cu-PGM's - Implats Alliance

g) Sunday Lake

On February 1, 2014, the Company entered into an agreement with Impala Platinum Holdings Inc. (“Implats”), which assigned 100% of rights and interests in properties generated under the alliance to the Company, with the exception of the Sunday Lake Property subject to a 1.0% to 1.5% NSR royalty held by Implats. The property is subject to a number of underlying agreements noted below:

Parcels 19889, 19890 and eight claims are subject to an option agreement between the Company and Rio Tinto Explorations Canada Inc. (“RTEC”) dated May 10, 2013. Under the terms of the option agreement, the Company can acquire a 100% interest in the properties by making payments to RTEC totaling \$350,000 (\$225,000 paid) by the third anniversary of the agreement, subject to a payment of \$3,500,000 upon commercial production with an additional payment of \$1,500,000 on or before the first anniversary of commercial production. The Company’s interest in the optioned properties is also subject to a 1.5% NSR held by RTEC, of which 0.5% can be purchased for \$1,000,000. On June 14, 2016, the final payment to RTEC was made thus vesting the joint venture’s 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above.

Parcel 19889, is subject to an underlying agreement between RTEC and a vendor that allows the Company to conduct mineral exploration on the property by making annual rental payments of \$1,132 with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Company can purchase 0.5% for \$250,000. This agreement has been extended to January 1, 2019. Under the terms of extension, the Company made a \$20,000 payment on signing.

Parcel 19890, is subject to an underlying agreement between RTEC and vendors that allows the Company to conduct mineral exploration on the property by making annual rental payments of \$1,000, with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Company can purchase 0.5% for \$250,000. This agreement has been extended to December 1, 2019. Under the terms of the extension, the Company must make lease payments of \$5,000 upon signing and \$5,000 before December 1, 2017 and has the option to make a \$7,500 lease payment on December 1, 2018 to maintain the lease extension.

Parcel 6056 and one claim are subject to an assignment agreement between the Company and RTEC dated March 25, 2013 and underlying agreements between RTEC, Peter DeRozea and the Sunday Lake Syndicate. Under the terms of this agreement, the Company can earn a 100% interest by making cash payments totaling \$250,000 by March 31, 2014, subject to a 3% NSR held by the vendors. Upon vesting, pre-production royalty payments of \$40,000 per year to a total of \$200,000 are due, the total of which will be deducted from future production based NSR payments. The Company maintains the right to purchase 2% of the NSR from DeRozea and the Sunday Lake Syndicate for \$2,000,000. During the year ended August 31, 2016, a \$140,000 payment to the Sunday Lake Syndicate was made thus vesting the Joint Venture’s 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above.

11. Exploration Properties – Continued

g) Sunday Lake - Continued

On December 27, 2013, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,000 until June 2016. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR of which the Company can purchase back 0.5% for \$500,000 at any time prior to December 27, 2017.

On January 23, 2014, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,725 until July 2018. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR, of which the Company can purchase back 0.5% for \$500,000.

In June of 2017, the Company entered into an option agreement with joint venture partner Implats and North American Palladium Ltd. ("NAP") whereby NAP has the right to acquire Implats' 75% ownership in the Sunday Lake Project by completing work commitments totaling \$4,500,000 and making cash payments of \$3,500,000 over a five year period according to the following schedule: Stage 1: NAP may acquire a 51% controlling interest in the property by completing \$1,500,000 of exploration expenditures and making cash payments of \$75,000 to TMC and \$675,000 to Implats within a two year period; Stage 2: NAP may increase its interest from 51% to 65% by completing an additional \$2,500,000 of exploration expenditures and making further cash payments of \$125,000 to TMC and \$1,125,000 to Implats within a two year period; and Stage 3: NAP may further increase its interest from 65% to 75% by completing an additional \$500,000 of exploration expenditures and making final cash payments of \$150,000 to TMC and \$1,350,000 to Implats within a one year period. TMC retains a 25% free carried interest until the completion of Feasibility Study.

As at August 31, 2017, the property consists of 16 staked and optioned patents and mining claims (2016 -16 claims).

h) Thunder Bay – Saturday Night, Eva Kitto, Hele, Owl Lake, Fraser Lake

At August 31, 2017 and 2016, the Company maintained a 100% interest in 5 property groupings in the Thunder Bay Mining District for which it is seeking partners. These properties include Saturday Night, Eva Kitto, Hele, Owl Lake and Fraser Lake. During the reporting period the last claims associated with Empire Lake were allowed to lapse.

i) Timber Wolf

On February 26, 2010, the Company was granted 17 mineral leases for 20 years in the Aitkin and Carlton counties by the State of Minnesota. Each lease is subject to an escalating underlying royalty ranging from 0.5% to 2.5% above the stated baseline state royalty which is linked to ore value at the time of production. As of the reporting date, the Company maintains 2 state mining leases totaling 259 ha contiguous to the Tamarack property.

j) Other

As at August 31, 2017, the Company maintained ownership interest in approximately 7,742 hectares located in Ontario and British Columbia that the Company is looking to find partners for.

Dundonald, Ontario

The Dundonald property near Timmins consists of 29 freehold patents, mining leases and claims, for a total of 951 hectares.

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11. Exploration Properties – Continued

j) Other - Continued

Homathko, British Columbia

The Homathko Property consists of 9 claims (2016 – 3 staked claims) in the Caribou Regional District, British Columbia, located approximately 200 kilometres west of Williams Lake.

12. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2016 - 26.5%) were as follows:

	2017	2016
	\$	\$
(Loss) income before income taxes	(3,078,567)	2,308,241
Expected income tax (recovery) expense based on statutory rate	(816,000)	612,000
Adjustment to expected income tax benefit:		
Permanent differences and other	693,000	(514,000)
Change in unrecorded deferred tax asset	123,000	(98,000)
Deferred income tax provision (recovery)	-	-

b) Unrecognized Deductible Temporary Differences

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	2016
	\$	\$
Non-capital loss carry-forwards	2,209,000	1,947,000
Share issuance costs	77,000	95,000
Exploration properties	4,389,000	4,385,000
Other	343,000	282,000
Total unrecognized deductible temporary differences	7,018,000	6,709,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Loss Carry-Forwards

As at August 31, 2017, the Company has available, non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future periods. The tax losses expire from 2032 to 2037. Exploration property expenditure pools do not expire under current legislation.

12. Income Taxes - Continued

d) Investment in Associate

The aggregate amount of taxable temporary differences associated with investments in associates' tax liabilities as at August 31, 2017 is \$2,499,990 (2016 - \$3,271,350). No deferred taxes are recognized on the temporary differences related to investment in associates.

13. Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the year ended August 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("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. The Company is not subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on its strategic alliance partners as well as on the capital markets to finance exploration and development activities.

14. Financial Instruments and Financial Risk Factors

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts the Company's current financial assets and liabilities approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the years ended August 31, 2017 and 2016.

Credit Risk

The Company's credit risk is primarily attributable to its amounts receivable. Amounts receivable consists of sales taxes 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 financial instruments included in other assets is low. The Company also received funding from exploration partners including Implats, Aldershot, NRC and SPC. The Company believes that the credit risk associated with all of these corporations is low.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2017, the Company has current assets totalling \$1,280,463 (2016 - \$2,036,739) to settle current liabilities of \$296,366 (2016 - \$468,157).

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14. Financial Instruments and Financial Risk Factors - Continued

Price Risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Interest Rate Risk

The Company does not currently have any outstanding variable interest bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

15. Commitments and Contingencies

Environmental Contingencies

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

Flow-through Expenditures

From time-to time, the Company and its associate enter into flow-through financings and indemnify the subscribers of flow-through shares for any tax related amounts that become payable by the subscriber. In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.

See Note 11.

16. Supplemental Cash Flow Information

Cash flows from discontinued operations

	2017	2016
	\$	\$
Operating cash flows	-	(8,646)
Investing cash flows	-	(105)
Financing cash flows	-	53,840
Change in cash flows from discontinued operations	-	45,089

17. Subsequent Events

Option Agreement

Pursuant to option agreement October 30, 2017, between CGM and Explorx Resources Inc ("ERI"). ERI has optioned the Golden Elk project and Paragon-Hitchcock property. Compensation to CGM is staged payments of \$125,000 (\$10,000 received) and 1,700,000 ERI shares (200,000 shares received). Further, ERI must incur staged expenditures of at least \$1,275,000 on or before the third anniversary of the option. CGM retains a 1% NSR on the property once ERI earns a 100% interest in the properties.

Financings

In December 2017, the Company closed a non-brokered private placement financing of 7,333,333 units (the "Units") of the Company at a price of \$0.15 per Unit, for gross proceeds of \$1,100,000. Each Unit consisted of one common share of the Company and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share for a period of 24 months from closing at a price of \$0.20. If, after four months from the closing date the closing price of the common shares on the TSX Venture Exchange (the "Exchange") is higher than \$0.30 for 20 consecutive trading days, based on the volume weighted average price on daily closing, then on the date that is the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants will be accelerated to the date that is 20 business days after the Acceleration Trigger Date provided the Company, within three trading days of the Acceleration Trigger Date, issues a news release announcing the acceleration of the expiry date and delivers or sends by electronic transmission a copy of such news release to the Warrant holders and the finders.

In November 2017 CGM announced that it had concluded a transaction with Osisko Mining Corporation ("Osisko") to acquire the DeSantis property, located in the Timmins Gold Camp, and an option on the Catharine Property, a large exploration land package near CGM's focus area south of Kirkland Lake, Ontario in exchange for 2,500,000 common shares of CGM valued at \$0.20 per share. Concurrent with the transaction, Osisko completed a \$1,000,000 private placement in CGM consisting of 5,000,000 units at \$0.20 with each unit consisting of one common share and a one half of a common share purchase warrant exercisable at \$0.35 for a period of two years from the date of the agreement. As a result of this financing, TMC will no longer control nor consolidate CGM.