

**STARR PEAK EXPLORATION LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**FOR THE NINE MONTHS ENDED APRIL 30, 2017**

These unaudited condensed interim financial statements of Starr Peak Exploration Ltd. for the nine months ended April 30, 2017 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

**STARR PEAK EXPLORATION LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – prepared by management)  
(Expressed in Canadian Dollars)

	April 30, 2017	July 31, 2016 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 10,950	\$ 949
Receivables and prepaid	<u>9,748</u>	<u>10,368</u>
	20,698	11,317
<b>Investments (Note 3)</b>	117,863	405,812
<b>Exploration and evaluation assets (Note 4)</b>	<u>243,649</u>	<u>243,649</u>
	<u>\$ 382,210</u>	<u>\$ 660,778</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 316,787	\$ 500,955
Due to related parties (Note 8)	<u>54,946</u>	<u>826,945</u>
	<u>371,733</u>	<u>1,327,900</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 5)	10,923,638	10,108,531
Reserves	1,389,882	1,389,882
Other comprehensive income	171,789	225,137
Deficit	<u>(12,474,832)</u>	<u>(12,390,672)</u>
	<u>10,477</u>	<u>(667,122)</u>
	<u>\$ 382,210</u>	<u>\$ 660,778</u>

Nature and continuance of operations (Note 1)

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

**STARR PEAK EXPLORATION LTD.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – prepared by management)  
(Expressed in Canadian Dollars)

	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	Nine Months Ended April 30, 2017	Nine Months Ended April 30, 2016
<b>EXPENSES</b>				
Bank charges, interest and penalties	\$ 48	\$ 45	\$ 359	\$ 151
Exploration (Note 4)	4,510	-	77,010	-
Office and administration	374	48	470	144
Professional fees	3,757	4,449	13,740	14,637
Promotion and shareholder communications	2,491	-	4,170	-
Transfer agent and filing fees	7,932	7,193	9,907	9,471
	<u>(19,112)</u>	<u>(11,735)</u>	<u>(104,656)</u>	<u>(24,703)</u>
BC Mining tax credit recovery	-	-	-	49,770
Gain on sale of investment	-	20,402	20,496	20,402
Investment adjustment (Note 3)	-	124,193	-	124,193
	<u>-</u>	<u>144,595</u>	<u>20,496</u>	<u>194,365</u>
<b>Net income (loss) and comprehensive net income (loss) for the period</b>	<b>\$ (19,112)</b>	<b>\$ 132,860</b>	<b>\$ (84,160)</b>	<b>\$ 169,662</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ 0.03</b>	<b>\$ (0.01)</b>	<b>\$ 0.03</b>
<b>Weighted average number of common shares outstanding</b>	<b>19,704,015</b>	<b>4,883,891</b>	<b>15,586,933</b>	<b>4,883,891</b>

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

**STARR PEAK EXPLORATION LTD.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

	Share Capital			Reserves	Other Comprehensive Income	Shareholders' Deficiency
	Common Shares	Amount	Deficit			
<b>Balance, July 31, 2015</b>	4,883,891	10,108,531	(12,421,451)	1,389,882	\$ -	(923,038)
Comprehensive net income for the period	-	-	169,662	-	-	169,662
<b>Balance, April 30, 2016</b>	4,883,891	\$ 10,108,531	\$ (12,251,789)	\$ 1,389,882	-	\$ (753,376)
<b>Balance, July 31, 2016</b>	4,883,891	\$ 10,108,531	\$ (12,390,672)	\$ 1,389,882	225,137	\$ (667,122)
Shares issued for settlement of debt	14,820,124	815,107	-	-	-	815,107
Adjustment to other comprehensive income	-	-	-	-	(53,348)	(53,348)
Comprehensive loss for the period	-	-	(84,160)	-	-	(84,160)
<b>Balance, April 30, 2017</b>	19,704,015	\$ 10,923,638	\$ (12,474,832)	\$ 1,389,882	\$ 171,789	\$ 10,477

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

**STARR PEAK EXPLORATION LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED APRIL 30,**  
(Unaudited – prepared by management)  
(Expressed in Canadian Dollars)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (84,160)	\$ 169,662
Items not affecting cash:		
Investment adjustment		(124,193)
Loss (gain) on sale of marketable securities	(20,496)	(20,402)
Changes in non-cash working capital items:		
Receivables and prepaids	620	4,392
Accounts payable and accrued liabilities	<u>(86,797)</u>	<u>(164,347)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(190,833)</u>	<u>(322,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Proceeds on sale of investments	<u>290,780</u>	<u>41,474</u>
<b>Net cash provided by investing activity</b>	<u>290,780</u>	<u>41,474</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Related party loans	<u>(89,946)</u>	<u>(21,500)</u>
<b>Net cash provided by (used in) financing activity</b>	<u>(89,946)</u>	<u>(21,500)</u>
<b>Change in cash during the period</b>	10,001	3,264
<b>Cash, beginning of period</b>	<u>949</u>	<u>2,871</u>
<b>Cash, end of period</b>	<u>\$ 10,950</u>	<u>\$ 6,135</u>

Supplemental disclosure with respect to cash flows:

There were no cash payments of taxes or interest for the periods presented.

The non-cash transaction during the nine months ended April 30, 2017 was the Company settled \$133,054 of accounts payable and accrued liabilities and \$682,053 of due to related parties through the issuance of 14,820,124 common shares of the Company

There were no non-cash transactions during the nine months ended April 30, 2016.

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated in under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office, principal address and registered records office is located at PO BOX 48778 Stn. Bentall Centre, Vancouver, British Columbia, Canada.

The Company's condensed interim financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended July 31, 2016.

**STARR PEAK EXPLORATION LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED APRIL 30, 2017**  
(Unaudited – prepared by management)  
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**2. BASIS OF PRESENTATION (continued)**

**Approval of the financial statements**

These unaudited condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 29, 2017.

**New or revised accounting standards not yet adopted**

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended April 30, 2017 and have not been applied in preparing these financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

**Critical Accounting Estimates and Judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.
- iii) The recorded value of provision. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

**3. INVESTMENTS**

Investments consists of common shares of Barkerville Gold Mines Ltd. (“Barkerville”), a former related party through common directors and officers. The directors and officers ceased to be related with Barkerville during the nine months ended April 30, 2017.

	April 30, 2017		July 31, 2016	
	Number of shares	Quoted market price	Number of shares	Quoted market price
Barkerville	248,133	\$117,863	588,133	\$405,812

During the nine months ended April 30, 2017, the Company recognized an unrealized mark-to-market loss of

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\$20,496 (2016 - \$(20,402)) which is considered other than temporary.

**4. EXPLORATION AND EVALUATION ASSETS**

**Realization of assets**

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

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values.

**Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

**El Toro Property**

The Company holds a 100% interest in the El Toro property located in the Omineca Mining Division of British Columbia.

During the nine months ended April 30, 2017, the Company incurred \$72,500 of assay costs and \$4,510 of consulting fees. The Company did not incur any exploration costs for the nine months ended April 30, 2016.

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**5. SHARE CAPITAL**

Authorized: Unlimited common shares without par value

During the nine months ended April 30, 2017, the Company settled \$133,054 of accounts payable and accrued liabilities and \$682,053 of due to related parties through the issuance of 14,820,124 common shares of the Company.

**Escrow shares**

Included in issued share capital are Nil (2016 – Nil) escrowed common shares. In May 2015, the Company applied for and had the escrow shares cancelled.

**Warrants**

The Company did not have any warrants outstanding as at July 31, 2016 or April 30, 2017.

**Stock options**

The Company has a rolling stock option plan (the “Plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant, subject to a minimum exercise price of \$0.05 per share. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, July 31, 2015	423,143	\$ 0.96
Expired unexercised	<u>(423,143)</u>	0.96
Outstanding and exercisable, July 31, 2016 and April 30, 2017	-	\$ -

**6 PROVISION**

The Company and a non-related party entered into a subscription and renunciation agreement ("SRA") whereby the Company was to incur and renounce exploration expenditures in an amount equal to \$300,000 by October 31, 2007. The SRA included an indemnification clause, whereby failure to incur and renounce the full amount of exploration expenditure requires the Company to pay the investors an amount equal to the value of the tax credits that were to be received under the tax act. As a result of the Company failing to incur the necessary exploration expenditures in 2007, a provision of \$70,635 (July 31, 2016 - \$86,950) has been recognized.

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities, and amounts due to related party. Cash has been designated as fair value through profit and loss, receivables as loans and receivables, investments as available for sale and accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments which are valued at a level 1 fair value measurement.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

### a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

### Interest rate risk

Interest rate risk consists of two components:

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

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of April 30, 2017. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

### b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

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**8. RELATED PARTY TRANSACTIONS**

- a) The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

	2017	2016
Professional fees	\$ 6,750	\$ 6,750

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective years.

- b) The amount due to the related parties consists of balances owed to directors and has no specific terms of repayment is unsecured.

**9. CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity (deficiency). Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

**10. SEGMENTED INFORMATION**

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.