

EXGEN RESOURCES INC.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the period ended September 30, 2017
(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed consolidated interim financial statements and the notes thereto have been prepared by, and are the responsibility of, the management of ExGen Resources Inc. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards using management's best judgments.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants.

Vancouver, Canada
November 22, 2017

"Signed"

Jason Riley
President

"Signed"

Jason Tong
Chief Financial Officer

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(unaudited)

	September 30 2017	December 31, 2016
Assets		
Current assets:		
Cash	\$ 339,835	\$ 89,577
Accounts receivable	8,986	215,222
	<u>348,821</u>	<u>304,799</u>
Marketable securities (note 4)	717,371	565,000
Deposits (note 3)	100,719	46,126
Investment in Konnex (note 5)	1,469,548	-
Mineral properties (note 6)	-	1,700,450
	<u>\$ 2,636,459</u>	<u>\$ 2,616,375</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 152,308	\$ 225,160
Shareholders' equity:		
Share capital (note 7)	20,092,265	19,692,765
Warrants (note 7)	309,422	204,422
Contributed surplus	3,977,292	3,977,292
Accumulated other comprehensive loss	106,887	(50,000)
Deficit	(22,001,715)	(21,433,264)
	<u>2,484,151</u>	<u>2,391,215</u>
Going concern (note 1)		
Commitments (note 9)		
	<u>\$ 2,636,459</u>	<u>\$ 2,616,375</u>

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:

(Signed) "Jason Riley" _____ Director

(Signed) "Gerald Roe" _____ Director

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(unaudited)

	Number of shares	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
December 31, 2015	319,730,079	\$19,653,765	\$682,720	\$ 3,498,504	\$ -	\$(9,590,048)	\$14,244,941
Share-based payments	-	-	-	490	-	-	490
Warrant expired	-	-	(478,298)	478,298	-	-	-
Share issuance to settle accounts payable	3,000,000	150,000	-	-	-	-	150,000
Asset acquisition	900,000	9,000	-	-	-	-	9,000
Comprehensive loss	-	-	-	-	-	(94,101)	(94,101)
September 30, 2016	323,630,079	\$19,812,765	\$204,422	\$3,977,292	\$ -	\$(9,684,149)	\$14,310,330
December 31, 2016	323,630,079	\$19,692,765	\$204,422	\$ 3,977,292	\$ (50,000)	\$(21,433,264)	\$2,391,215
Asset acquisition	1,500,000	22,500	-	-	-	-	22,500
Share issuance	3,000,000	45,000	105,000	-	-	-	150,000
Share based compensation	16,600,000	332,000	-	-	-	-	332,000
Comprehensive loss	-	-	-	-	156,887	(568,451)	(411,564)
September 30, 2017	344,730,079	\$20,092,265	\$309,422	\$3,977,292	\$ 106,887	\$(22,001,715)	\$2,484,151

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Operations, Comprehensive Loss and Deficit

(Expressed in Canadian dollars)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Expenses and other items:				
Foreign exchange gain (loss)	\$ (21,892)	\$ (1,071)	\$ (5,551)	\$ 4,168
General and administrative (note 8)	(23,647)	(19,668)	(83,313)	(68,819)
Loss on equity investment (note 5)	(2,832)		(2,832)	
Professional fees	(6,960)	(13,252)	(38,868)	(28,960)
Project expenditures (Note 6)	(38,073)	-	(105,887)	-
Share-based payments (note 7)	(332,000)	-	(332,000)	(490)
Net loss	\$ (425,404)	\$ (33,991)	\$ (568,451)	\$ (94,101)
Unrealized gain (loss) on investment	(52,166)	-	154,980	-
Equity investment - foreign currency translation (note 5)	1,907		1,907	
Comprehensive income	\$ (475,663)	\$ (33,991)	\$ (411,564)	\$ (94,101)
Net (loss) per share - basic and diluted (note 7)	\$ -	\$ -	\$ -	\$ -

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Nine months ended September 30,	
	2017	2016
Cash provided by (used in):	\$ (568,451)	\$ (94,101)
Operations:		
Net loss for the period		
Non-cash items		
Share-based payments	354,500	490
Unrealized foreign exchange	3,629	
Change in working capital	79,679	75,037
	(130,643)	(18,574)
Investing:		
Cash received for option payments	230,901	59,411
Additions to mineral properties	-	(120,251)
	230,901	(60,840)
Financing:		
Cash received from private placement	150,000	-
Change in cash	250,258	(79,414)
Cash beginning of period	89,577	150,492
Cash, end of period	\$ 339,835	\$ 71,078

Supplemental cash flow information

Interest paid	\$ -	\$ -
Shares issued to settle accounts payable	-	9,000
Interest payments received	-	-
Taxes paid	-	-

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
Period ended September 30, 2017
(unaudited)

ExGen Resources Inc. (the “Company” or “ExGen”) is incorporated under the laws of the Province of Alberta, Canada. The Company’s head office is located at 1240-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. These condensed consolidated interim financial statements comprise the Company and its wholly-owned US subsidiary, 3 Amigos Exploration Inc. and its formerly wholly-owned Canadian subsidiary, Konnex Resources Inc. up to the date of loss of control. The Company is engaged in the exploration of copper-gold mineral properties in Canada and the United States. The Company’s properties are currently in the exploration stage. Its common shares trade on the TSX Venture Exchange (“TSX-V”). On June 29, 2017, the Company’s interest in Konnex Resources Inc. (“Konnex”) was diluted from 100% to 20% resulting in deconsolidation of Konnex (Note 5).

1. Going concern:

These condensed consolidated interim financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

Several adverse conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption. The Company has incurred operating losses to date and is currently unable to self-finance any future operations. The Company’s ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed consolidated interim financial statements, adjustments would be necessary in statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation:

(a) Statement of compliance

These condensed consolidated interim statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and related Interpretations (“IFRICs”) as issued by the International Accounting Standard Board (“IASB”).

These condensed consolidated interim financial statements and compliance with IFRS were approved by the Board of Directors on November 22, 2017.

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2016 annual consolidated financial statements.

(b) Functional and presentational currency

All amounts on the condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 2
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

2. Basis of Preparation (continued):

(c) Use of estimates and judgments

There have been no material revisions to the nature of the judgments and estimates disclosed in the December 31, 2016 annual financial statements.

(d) New standards not yet adopted

IFRS 9 Financial Instruments:

This new standard will replace IAS 39 and simplify standards for the recognition and measurement of financial instruments. It also specifies standards for hedge accounting. It is intended that the standard will also provide guidance on impairment of financial assets. In February 2014, the IASB tentatively decided to require entities to apply IFRS 9 for annual periods beginning on or after January 1, 2018. The impact of the new standard on the Company's financial statements has not yet been determined.

3. Deposits

Deposits include amounts placed with government entities to provide surface reclamation coverage for operations conducted and also to ensure sufficient work commitments to keep claims in good standing, as well as advance payments to land holders in order to secure exploration or drilling rights on the Company's mineral properties.

4. Marketable securities

As at September 30, 2017, the Company held 11,300,000 shares (December 31, 2016 – 11,300,000 shares) in Phoenix Mining Global Ltd. ("Phoenix"). The shares were acquired as part of the option agreement signed with Phoenix (Note 6). The shares began trading on the Alternative Investment Market of the London Stock Exchange ("AIM") on June 29, 2017. Marketable securities are measured at fair value by reference to quoted stock prices. During the period ended September 30, 2017, the Company recorded an unrealized gain of \$154,980 and a foreign exchange loss of \$2,609.

5. Investment in Konnex

On June 29, 2017, Phoenix exercised its option to acquire 80% ownership in Konnex, which holds title to the Empire Mine property (Note 6). The acquisition diluted the Company's ownership in Konnex from 100% to 20% resulting in deconsolidation of Konnex and accordingly the Company's interest in Konnex was, for the remainder of the period, recorded as an equity investment. The opening equity value in Konnex is recorded at cost.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 3
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

5. Investment in Konnex (continued)

As at	September 30, 2017	December 31, 2016
Current assets	\$ 155,858	\$ 213,624
Non-current assets	3,188,015	1,700,450
Current liabilities	(22,690)	-
Non-current liabilities	(2,277,258)	(1,048,791)
Net assets	1,066,614	865,283
The Company's share of net assets – 20% (2016 – 100%)	213,323	865,283

For the period ended June 29 to September 30, 2017

Loss for the period	\$ (14,160)
Other comprehensive gain – foreign currency translation	9,534
Total comprehensive loss	(4,626)
The Company's share of loss and comprehensive loss– 20%	\$ (925)

Investment in Konnex	For the period from June 29 to September 30, 2017
Opening balance, June 29, 2017	\$ 1,470,473
Loss on equity investment	(2,832)
Equity – other comprehensive gain	1,907
Ending balance, September 30, 2017	1,469,548

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 4
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

6. Mineral properties:

Expenditures by activity:

	Balance at December 31, 2016	Additions (Proceeds) / (Deconsolidation)	Balance at September 30, 2017
Property acquisitions and exploration and development (recoveries)	\$ 4,204,182	\$ (179,757)	\$ 4,024,425
Lease costs	1,881,753	–	1,881,753
Geological and geophysical services	6,234,782	–	6,234,782
Drilling	3,772,553	–	3,772,553
Reversal of lease costs for Boss property	(106,744)	–	(106,744)
Impairment	(14,286,076)	–	(14,286,076)
Deconsolidation (Note 5)	–	(1,470,473)	(1,470,473)
	\$ 1,700,450	\$ (1,700,450)	\$ –

	Balance at December 31, 2015	Additions (Proceeds)/ (Impairments)	Balance at December 31, 2016
Property acquisitions and exploration and development (recoveries)	\$ 4,790,012	\$ (585,830)	\$ 4,204,182
Lease costs	1,804,661	77,092	1,881,753
Geological and geophysical services	6,242,019	(7,237)	6,234,782
Drilling	3,772,553	–	3,772,553
Reversal of lease costs for Boss property	–	(106,744)	(106,744)
Impairment	(2,459,766)	(11,826,310)	(14,286,076)
	\$ 14,149,479	\$ (12,449,029)	\$ 1,700,450

Expenditures by property:

	Balance at December 31, 2016	Additions/ (Proceeds)/ (Deconsolidation)/	(Impairment)	Balance at September 30, 2017
Boss	\$ –	\$ –	\$ –	\$ –
Empire Mine	1,700,450	(1,700,450)	–	–
Buena Vista	–	–	–	–
Gordon Lake	–	–	–	–
DOK	–	–	–	–
East Breccia	–	–	–	–
	\$ 1,700,450	\$ (1,700,450)	\$ –	\$ –

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 5
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

6. Mineral properties (continued):

	Balance at December 31, 2015	Additions/ (Proceeds)/ (Reversals)/	(Impairment)	Balance at December 31, 2016
Boss	\$ 7,301,260	\$ (57,571)	\$ (7,243,689)	\$ -
Empire Mine	2,303,681	(603,231)	-	1,700,450
Buena Vista	1,603,987	11,780	(1,615,767)	-
Gordon Lake	564,331	-	(564,331)	-
DOK	1,171,768	16,000	(1,187,768)	-
East Breccia	1,204,452	10,303	(1,214,755)	-
	\$14,149,479	\$ (622,719)	\$(11,826,310)	\$ 1,700,450

The Company has no current Mineral Resources or Mineral Reserves on any of its properties.

United States Properties

Boss Property

The Company's 100% controlled Boss property consists of a lease agreement with patented claim owner, as well as 106 unpatented mineral claims. The lease agreements with the owner of the Boss Mine patents expire December 31, 2020. The agreement provides for lease payments of \$1,500 USD per month and a net Smelter Return ("NSR") of 1.5% to the owner, upon commencement of production. One of the owners has the right to convert their interest to a 20% working interest at any time before completion of a feasibility study. The company has prepaid monthly payments to December 31, 2020.

In the year ended December 31, 2016, the Company wrote down the capitalized exploration and evaluation of the property in the amount of \$7,243,689. The write-down was taken to recognize difficult financing conditions which have delayed further development of the property over a number of years. The Company has adopted a policy of expensing exploration expenditures as they are incurred. During the period ended September 30, 2017, the Company incurred \$46,846 on the property.

Empire Mine

ExGen obtained the option to acquire the Empire mine project through its acquisition of Konnex. Pursuant to an option and exploration agreement dated April 23, 2012, including amended agreements dated November 19, 2012, February 7, 2013, June 28, 2013, July 3, 2013, and September 19, 2013, ExGen was required to issue 5,000,000 shares on or before April 1, 2014, provided that the deemed price per share was never less than the discounted market price at the time of issuance, and was required to pay \$950,000 in cash on or before July 1, 2015, to earn a 95% interest in the property. The Company was also able to elect to pay an additional \$225,000 on or before July 1, 2015, to earn the final 5% interest, and therefore hold a 100% interest in the property. If the Company held a 100% interest, the Company was required to pay a 2% NSR royalty to the optioner, Musgrove Minerals Corp. ("Musgrove"). The Empire Mine project was also subject to a 2.5% NSR royalty payable to the owners, Honolulu Copper Corp. and Mackay LLC.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 6
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

6. Mineral properties (continued):

Empire Mine (continued)

Effective March 5, 2014, the Company entered into a letter agreement with Musgrove to amend the payment terms as noted in the April 23, 2012 and February 7, 2013 agreements.

Pursuant to the amended terms, the option may be exercised with Konnex earning a 100% interest in the Property by making the following payments:

- (i) Aggregate cash payments of \$445,000 (of which \$345,000 had been paid as at December 31, 2013), the remaining \$100,000 was payable as follows:
 - On or before April 1, 2014 (paid) \$10,000
 - On or before July 1, 2014 (paid) \$10,000
 - On or before October, 2014 (paid) \$10,000
 - On or before January 1, 2015 (paid) \$10,000
 - On or before April 1, 2015 (amended) \$7,500
 - On or before July 1, 2015 (amended) \$7,500
 - On or before October 1, 2015 (amended) \$7,500
 - On or before January 1, 2016 (amended) \$7,500
 - On or before April 1, 2016 (amended) \$7,500
 - On or before July 1, 2016 (amended) \$7,500
 - On or before October 1, 2016 (amended) \$7,500
 - On or before January 1, 2017 (amended) \$7,500
- (ii) Cash payment of \$100,000 upon completion of a NI 43-101 compliant Pre-Feasibility Study,
- (iii) Cash payment of \$250,000 per each 100 million pounds of copper reserves determined by a completed Bankable Feasibility Study,
- (iv) Issuing 1,150,000 common shares in the capital of Konnex (issued) and 8,000,000 common shares in the capital of ExGen as follows:
 - 2,000,000 common shares in ExGen on or before October 30, 2013 (issued January 22, 2014) and;
 - 6,000,000 common shares in ExGen on or before April 30, 2014 (issued May 1, 2014)
- (v) Musgrove would no longer be entitled to a 2% NSR Royalty.

On April 19, 2015, the Company entered into a letter agreement with Musgrove Minerals Corp. to amend the payment terms as noted in all previous amendment letters. The new payment schedule and terms agreed to by ExGen and Musgrove for Konnex to earn a 100% interest in the property are as follows:

- i) Cash payment of \$30,000 (paid) and
- ii) Issuing 2,000,000 common shares of ExGen to Musgrove by April 24, 2015 (issued on April 21, 2015). The shares were valued at \$0.02 per share for a total of cost of \$40,000.

As such, the Company now holds a 100% interest in the property.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 7
(Expressed in Canadian dollars)

Period ended September 30, 2017
(unaudited)

6. Mineral properties (continued):

Empire Mine (continued)

The Company has also signed amendments of the leases with the owners and is now required to make monthly lease payments of \$7,500 USD to Mackay LLC and \$4,000 USD to Honolulu Copper Corp. The Mackay LLC amendment requires only 18 payments with a fully paid term in good standing until January 31, 2023. The Honolulu Copper Corp. amendment is to be paid monthly for the duration of an extended term of 12 years (until November 1, 2028). As part of the amended option signed November 9, 2016 with Phoenix, these lease payments are the obligation of Phoenix.

As consideration for the Amendments, the Company has agreed to make milestone payments to Musgrove as follows:

- i) Cash payment of \$100,000 on completion of a NI 43-101 compliant Pre-Feasibility Study; and
- ii) \$250,000 per 100 million pounds of copper reserves, as determined by a NI 43-101 compliant Bankable Feasibility Study.

On July 15, 2015, ExGen, together with Konnex signed an option agreement with Phoenix, for Phoenix to secure an Option to acquire 80% of the issued shares of Konnex, which holds the leases to the Empire Mine Project

- i) ExGen to be paid a cash payment of \$50,000 USD on signing the Option (received).
- ii) ExGen to be issued 5,000,000 common shares of Phoenix on signing the Option (received – see Note 4)
- iii) ExGen to be paid a cash payment of \$50,000 USD within 60 days of signing the Option (received).
- iv) Phoenix to fund a minimum of \$1,000,000 USD of expenditures on Empire Mine Project within 12 months of signing the Option (amended).
- v) ExGen to be paid \$100,000 USD on each anniversary date of the Option signing until the completion of a Bankable Feasibility Study. ExGen may elect to receive these payments in cash or in shares of Phoenix (amended).
- vi) ExGen to be issued 5,000,000 common shares of Phoenix on the exercise of the Option by Phoenix (amended).
- vii) Phoenix to fund all Empire Mine Project property maintenance and sustaining costs of Konnex (amended).
- viii) ExGen to retain a 20% carried interest until commencement of mine construction (amended).
- ix) ExGen to be granted a 2.5% net smelter returns royalty for all metals on the Empire Mine Project (the "NSR") (amended).

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 8
(Expressed in Canadian dollars)

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(unaudited)

6. Mineral properties (continued):

Empire Mine (continued)

On November 9, 2016, ExGen, together with Konnex signed an amended option agreement with Phoenix on the terms and conditions noted below, including a term requiring the return of the Konnex common shares to ExGen in certain circumstances, as discussed further below. The terms of the original option with Phoenix remain in place except as amended below.

Project Participation

- Upon the deposit by Phoenix of \$1,000,000 USD into the Konnex bank account (discussed below under Project Expenditures by Phoenix), 80% of Konnex's common shares will be transferred to Phoenix (Phoenix acquired 80% of Konnex on June 29)
- ExGen to retain a 20% carried interest until commencement of mine construction
- ExGen to be granted a 2.5% net smelter returns royalty for all metals on the Empire Mine Project (the "2.5% NSR")
- If any of the cash or share payments, or project expenditure requirements, both as described below, are not completed as required pursuant to the Original Option as amended by the Amendment, or if the Original Option is terminated, then the 80% of the Konnex common shares will be returned to ExGen without ExGen paying any consideration.

Cash and Shares

- ExGen was paid a cash payment of \$50,000 USD on signing the Amendment (received).
- ExGen was issued an additional 5,000,000 common shares of Phoenix (substantially pursuant to the Original Option terms) and an additional 1,300,000 common shares of Phoenix on signing the Amendment. (received – see Note 4)
- ExGen to be paid a cash payment of \$100,000 USD on the earlier of the Phoenix Initial Public Offering ("IPO") date or by March 31, 2017. (received)
- ExGen to be paid \$100,000 USD on each anniversary date of the earlier of the Phoenix IPO or March 31, 2017 (the "IPO Anniversary Payment") until the completion of a bankable feasibility study on the Empire Mine Project.
- The IPO Anniversary Payment increases 100% to \$200,000 USD for any payment where during the prior 12 months period the minimum expenditures on the Empire Mine Project has not been met (please see below for minimum expenditure requirements)

Project Expenditures by Phoenix

- Phoenix to have deposited a minimum of \$1,000,000 USD into the Konnex bank account by the earlier of the Phoenix IPO date or by June 30, 2017, subject to Phoenix making monthly payments of \$ 12,500 USD to Konnex until the \$ 1,000,000 USD is settled.
- Phoenix to spend the \$1,000,000 USD on the Empire Mine Project within 12 months of deposit into the Konnex bank account.
- Phoenix to fund all Empire Mine Project property maintenance and sustaining costs of Konnex.
- Phoenix to spend a minimum of \$500,000 USD on the Empire Mine Project every 12 months until completion of the bankable feasibility study.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 9
(Expressed in Canadian dollars)

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(unaudited)

6. Mineral properties (continued):

Empire Mine (continued)

Deal Protection and Corporate Structure

- Should Phoenix sell its 80% interest in Konnex prior to the commencement of commercial production, ExGen shall have the right but not the obligation to either sell its 20% interest in Konnex on the same terms as Phoenix.

Buena Vista Property

ExGen signed an agreement on January 23, 2006 and an amendment on July 7, 2008 to earn an 80% interest in the Buena Vista property located in central Nevada. ExGen acquired an 80% interest in the property by making expenditures on the property of \$1,000,000 USD, assuming the obligations on one unpatented claim known as Copper Kettle, and making cash payments of \$80,000 USD by January 26, 2011. As of December 31, 2011, the property expenditures of \$1,000,000 USD and the cash payments of \$80,000 USD had been made and the Company had acquired the 80% interest in the Buena Vista property. During the year ended December 31, 2012, the Company acquired the remaining 20% in the Buena Vista property in exchange for granting the former owner a 1% NSR royalty.

In the year ended December 31, 2016, the Company wrote down the capitalized exploration and evaluation of the property in the amount of \$1,615,767. The write-down was taken to recognize difficult financing conditions which have delayed further development of the property over a number of years. The Company has adopted a policy of expensing exploration expenditures as they are incurred. During the period ended September 30, 2017, the Company incurred \$11,600 on the property.

Canadian Properties

Gordon Lake Property

On December 1, 2003, the Company signed a Letter of Agreement to acquire the right to earn up to 90% interest in the Gordon Lake gold property located in the Northwest Territories. In 2007, the Company fulfilled all the requirements of the Letter of Agreement and earned a 90% interest in the property. The Company signed an Assignment of Mining Lease, effective March 31, 2014, whereby Kelman Technologies Inc. assigned all of their ownership in the property (10% interest and sliding scale NSR Royalty) to the Company. As such, the Company now holds 100% interest in the property.

In the year ended December 31, 2016, the Company wrote down the capitalized exploration and evaluation of the property in the amount of \$564,331. The write-down was taken to recognize difficult financing conditions which have delayed further development of the property over a number of years. The Company has adopted a policy of expensing exploration expenditures as they are incurred. During the period ended September 30, 2017, the Company incurred \$2,177 on the property.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Page 10
(Expressed in Canadian dollars)

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(unaudited)

6. Mineral properties (continued):

DOK Property

On May 16, 2011, the Company signed an Option Agreement with two private property owners to earn a 100% interest in the DOK copper-gold porphyry property in northern British Columbia, Canada. The property consists of 17 contiguous mineral claims covering approximately 18,500 acres. The Option Agreement was amended on December 15, 2011, April 13, 2014, and July 19, 2016.

Under the amended terms of the Option Agreement, the Company has the right to earn a 100% interest in the DOK property by making the following payments and exploration commitments:

- a) Cash payments totaling \$340,000 over six years as follows:
 - \$20,000 on signing (paid),
 - \$30,000 on or before April 30, 2012 (paid),
 - \$40,000 on or before April 30, 2013 (paid),
 - \$50,000 on or before April 30, 2014 (paid),
 - \$50,000 on or before April 30, 2015 (paid), and
 - \$150,000 on or before April 30, 2016 (satisfied via amendment dated July 16, 2016 detailed below).
- b) Exploration expenditures totaling \$3,000,000 due as follows:
 - \$500,000 on or before by April 30, 2012 (incurred), and
 - \$2,500,000 on or before April 30, 2017 (amended July 16, 2016 detailed below),
- c) A 3% NSR to the property vendors, of which the Company has the right to repurchase 2% of the NSR at any time prior to the commencement of commercial production for a cash payment of \$2,000,000.

On April 14, 2014 Continental Precious Minerals Inc. ("Continental") signed a Sub-Option Agreement with ExGen to earn up to a 75% interest in the DOK property. Under the terms of the Sub-Option Agreement, Continental has the option to earn a 60% interest within four years by incurring total expenditures of \$2,000,000 on or before April 30, 2018 and by making total cash payments of \$200,000. The cash payment schedule is as follows: \$50,000 due within five days of signing (received) and three payments of \$50,000 each on or before the first (received), second and third anniversaries of the effective date of the option agreement. Upon Continental earning a 60% interest, Continental shall have an option to increase its interest in the DOK property by an additional 15% to 75% by spending an additional \$3,000,000 on the property by April 30, 2021.

In July 2016, Continental has elected to withdraw from its option. As a result, the Company regained control of the DOK project from Continental.

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6. Mineral properties (continued):

DOK Property (continued)

On July 19, 2016, the Company entered into an amending agreement with the optionors of the DOK property to amend the option terms for the DOK property, which was initiated in May 2011. Pursuant to the amendment the Company will make the following payments to the Optionors:

- \$16,000 on execution of the Amendment (paid);
- \$20,000 on or before July 19, 2017 (paid);
- \$40,000 on or before July 19, 2018;
- \$50,000 on or before July 19, 2019; and
- \$90,000 on or before July 19, 2020.

ExGen was also granted a 3 year extension (from April 30, 2017 to April 30, 2020) to incur \$2,537,328 of exploration and development expenditures required to exercise the option and acquire 100% of DOK.

In the year ended December 31, 2016, the Company wrote down the capitalized exploration and evaluation of the property in the amount of \$1,187,768. The write-down was taken to recognize difficult financing conditions which have delayed further development of the property over a number of years. The Company has adopted a policy of expensing exploration expenditures as they are incurred. During the period ended September 30, 2017, the Company incurred \$22,765 on the property.

East Breccia Property

On June 9, 2011, the Company signed an Option Agreement ("Agreement 1") whereby it has the right to earn a 100% working interest in certain claims in the East Breccia copper-molybdenum-silver exploration property located in south-central Ontario by making the following payments and exploration commitments:

- a) Initial cash payment of \$15,000 and issuing of 75,000 common shares of ExGen on execution of option agreement. The cash payment was made upon execution of the option agreement however shares were received at regulatory approval on August 3, 2011.
- b) Additional cash payments totaling \$150,000 and common share issuances totaling 425,000 shares over four years:
 - \$25,000 and 75,000 common shares on the first anniversary date (satisfied in 2012);
 - \$35,000 and 100,000 common shares on the second anniversary date (satisfied in 2013);
 - \$40,000 and 100,000 common shares on the third anniversary date (satisfied in 2014 via "Amendment 1" detailed below);
 - \$50,000 and 150,000 common shares on the fourth anniversary date (see "Amendment 2" detailed below);

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6. Mineral properties (continued):

East Breccia Property (continued)

- c) Exploration expenditures totaling \$308,000 over four years as follows: \$44,000 on or before June 9, 2012, \$44,000 on or before June 9, 2013, \$88,000 on or before June 9, 2014 and \$132,000 on or before June 9, 2015; and
- d) A 3% NSR to the property vendors, of which the Company has the right to repurchase 1% of the NSR at any time for a cash payment of \$1,000,000, or in increments of \$500,000 per 0.5% NSR.

On October 31, 2012, the Company signed an Asset Purchase Agreement (“Agreement 2”) acquiring a 100% interest in additional mineral claims in the East Breccia property located in South Central Ontario for \$308,000 by issuing 4,400,000 common shares of ExGen at a deemed value of \$0.07 per share upon execution of the agreement and issuing a 2% NSR of which the Company has the right to repurchase 1% of the NSR at any time for a cash payment of \$1,200,000.

A one-time bonus payment of \$1,000,000 in common stock of ExGen will become due and payable upon completion of a bankable feasibility study (as defined in option agreement) for the development of the claims purchased. The number of shares to be issued is to be calculated using the 15 day volume weighted average trading price of the Company’s common stock starting on the date a news release discloses a bankable feasibility study.

On June 9, 2014, the Company signed an Amendment (“Amendment 1”) with the East Breccia Optionors, revising the third anniversary cash payment to \$20,000 on June 9, 2014 (paid) and \$20,000 on September 9, 2014 (paid).

On November 24, 2015, the Company signed an Amendment (“Amendment 2”) with the East Breccia Optionors, revising the fourth anniversary cash payment to:

- i) \$12,500 within 5 business days of execution of Amendment 2 (paid);
- ii) An aggregate of 150,000 common shares in the capital of ExGen to be issued within 5 days of obtaining TSX-V approval (issued – valued at \$0.01 per share);
- iii) At ExGen’s option, either \$12,500 or an aggregate of 750,000 common shares in the capital of ExGen to be issued within 6 months of the execution of Amendment 2 (issued);
- iv) At ExGen’s option, either \$12,500 or an aggregate of 750,000 common shares in the capital of ExGen to be issued within 12 months of Amendment 2 (issued);
- v) At ExGen’s option, either \$12,500 or an aggregate of 750,000 common shares in the capital of ExGen to be issued within 18 months of the signing of Amendment 2 (issued).

Commencing on the earlier of: 1) the first anniversary whereby ExGen has reached Commercial Production of the Empire Mine Project, or 2) five years from the date execution of Amendment 2, a pre-production advance royalty of \$20,000 per annum, will be payable to the Optionors and will be deductible against future royalty payments upon the commencement of commercial production from the East Breccia property. For greater clarity, if after 5 years from the execution of Amendment 2, the payment of the pre-production advance royalty of \$20,000 per annum has not commenced, then the East Breccia property will revert to the Optionors.

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6. Mineral properties (continued):

East Breccia Property (continued)

In the year ended December 31, 2016, the Company wrote down the capitalized exploration and evaluation of the property in the amount of \$1,214,755. The write-down was taken to recognize difficult financing conditions which have delayed further development of the property. The Company has adopted a policy of expensing exploration expenditures as they are incurred. During the period ended September 30, 2017, the Company incurred \$22,500 on the property.

7. Share Capital

(a) Authorized:

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares without nominal or par value of which none have been issued.

(b) Issued:

(i) On February 10, 2017, the Company issued 750,000 shares to the East Breccia Optionors as required by the amended option agreement.

(ii) On May 22, 2017, the Company issued 750,000 shares to the East Breccia Optionors as required by the amended option agreement.

(iii) On May 26, 2017, the Company issued 3,000,000 common share units ("Common Share Units") at a price of \$0.05 per Common Share Unit for gross proceeds of \$150,000. Each Common Share Unit consists of one Common Share and one non-transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one Common Share at a price of \$0.10 per Common Share expiring on September 26, 2021. An amount of \$105,000 was assigned to the value of the warrants. ExGen also issued 94,500 finder's warrants at a price of \$0.10 expiring on September 26, 2019.

(iv) On September 16, 2017, the Company issued 16,600,000 shares to directors, officers, a former director and a consultant for past services performed.

(c) Warrants:

As at September 30, 2017 there were a total of 12,054,000 warrants outstanding.

	2017		2016	
	Number of warrants	Amount	Number of warrants	Amount
Outstanding, beginning of period	8,960,000	\$ 204,422	27,743,360	\$ 682,720
Expired	—	—	(18,500,000)	(478,298)
Issued	3,094,500	105,000	—	—
Outstanding, end of period	12,054,500	\$ 309,422	8,960,000	\$ 204,422

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7. Share capital (continued):

(c) Warrants (continued):

Warrants outstanding at September 30, 2017:

Expiry	Exercise Price	Number
February 19, 2019	\$0.05	6,500,000
April 15, 2019	\$0.05	2,460,000
September 26, 2019	\$0.10	94,500
September 26, 2021	\$0.10	3,000,000
		12,054,500

There were no warrants issued or extended during the period ended September 30, 2017.

(d) Share options:

Under the Company's stock option plan, the Company may grant equity-settled options to consultants, officers and directors equal to 10% of the then issued and outstanding common shares. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years. Outstanding options to purchase common shares and units under the Company's stock option plan are as follows:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	15,450,000	\$ 0.05	15,450,000	\$ 0.05
Granted	–	–	–	–
Expired	(15,450,000)	\$ 0.05	–	–
Cancelled	–	–	–	–
Outstanding, end of period	–	–	15,450,000	\$ 0.05
Exercisable, end of period	–	–	15,450,000	\$ 0.05

(e) Share-based compensation:

Compensation expense is recognized for stock options granted over the vesting period, being 12.5% on date of grant with a further 12.5% vesting each quarter thereafter. Options granted are non-transferable and expire after three years. In accordance with the Company's incentive stock option plan, these options have an exercise price equal to or greater than the market price at the date of grant.

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7. Share capital (continued):

(f) Per share amounts:

In computing loss per share, all options and warrants were excluded from the dilution calculation, as they were anti-dilutive. The weighted average number of common shares outstanding for the period ended September 30, 2017 was 326,976,599 (2016 – 320,704,255).

8. Related party transactions:

Key Management Personnel:

ExGen considers key management personnel to be the officers and directors of the Company.

Total compensation to key management personnel of \$345,500 (2016 - \$13,990) consisted of the following:

- (a) During the period ended September 30, 2017 the Company paid \$13,500 (2016 - \$13,500) for consulting fees to an officer.
- (b) During the period ended September 30, 2017 total share-based compensation of \$332,000 (2016 - \$490) was recorded resulting from options granted to officers and directors of the Company.

At September 30, 2017, accounts payable and accrued liabilities included \$8,287 which was owing to a director of the Company. (2016 - \$8,287)

Other Related Parties:

During the period ended September 30, 2017, the Company incurred a charge to a spouse of a director \$11,250 in rent (2016 - \$11,250). At September 30, 2017, accounts payable and accrued liabilities included \$33,750 (2016 - \$22,500) relating to such services.

9. Commitments:

During the year ended December 31, 2012, the Company raised flow-through share proceeds of \$247,354 and renounced the expenditure deductions to investors effective December 31, 2012. The Company incurred qualifying expenditures of \$9,696 in 2012 and \$77,553 in 2013. As at December 31, 2013, the remaining required expenditures of \$160,105 had not been incurred. Under the terms of the flow-through share offering, the Company has indemnified the subscribers for any taxes or penalties resulting from the shortfall. As a result, in 2013 the Company estimated and accrued a liability of \$62,439 as a result of this shortfall. In addition the Company recorded an accrual in 2013 of \$16,011 for its Part XII.6 tax and penalty. The flow through premium of \$20,040 relating to the expenditure shortfall was reversed and recognized in net loss in 2013. A further adjustment of \$5,050 was recorded during the year ended December 31, 2016 for changes in the CRA's prescribed rate of interest and interest accrued. The total amounts payable of \$106,044, inclusive of estimated interest and penalties, is recorded in accounts payable and accrued liabilities

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10. Financial instruments and financial risk management:

The Company's financial instruments include cash, accounts receivable, investments, deposits, accounts payable and accrued liabilities.

Fair value

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate their fair values at September 30, 2017 due to their relatively short periods to maturity. It is not practicable to estimate the fair value of the deposits due to the nature of the deposits and the unknown timing of when these will be returned to the Company. However, management believes that the fair value of these deposits is not materially different from their carrying values at September 30, 2017. Cash is classified at level 1 of the fair value hierarchy. Investments were recorded at fair value using Level 3 inputs. The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Level 1 fair values are determined by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date. Level 2 fair values include valuations using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable for the asset or liability. The Level 3 inputs were based on indicative offer prices per share of the underlying investee based on private placement offering and financing transactions.

Risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to market conditions. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included as applicable.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is attributable to cash balances, trade accounts receivable and deposits.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Cash is held with Schedule I Canadian banks, while the deposits are held with a governmental authority. Therefore management believes the risk of loss to be minimal.

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10. Financial instruments and financial risk management (continued):

Risk management (continued)

(a) Credit risk (continued):

As at September 30, 2017 ExGen's accounts receivable consisted of \$nil from trade partners (2016 - \$204,915).

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2017, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of \$152,308, which have either contractual or expected maturities of less than one year. In order for the Company to settle its expected future obligations the Company will be required to raise funds through private placements.

(c) Market risk

Market risk consists of currency risk, commodity price risk, other price risk, and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns:

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As the Company has transactions that are denominated in United States dollars the Company is exposed to foreign currency exchange risk. At September 30, 2017, the Company held US cash of \$11,197 (2016 - \$26,851), US accounts receivables of \$nil (2016 - 154,500), US deposits of \$34,268 (2016 -\$34,268) and US accounts payable of \$nil (2016 - \$19,116). Every \$0.01 change in the foreign exchange rate at September 30, 2017 would have impacted net loss by \$231 (2016 - \$1,781).

The Company is also exposed to fluctuations in the exchange rate between the Canadian dollar and British pounds through its investment in Phoenix (note 4). At September 30, 2017, the Company held £437,875 of Phoenix shares. Every \$0.01 change in the foreign exchange rate at September 30, 2017 would have impacted net loss by \$4,379.

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10. Financial instruments and financial risk management (continued):

Risk management (continued)

(c) Market risk (continued):

ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

iv) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no variable rate debt, however is exposed to interest rate risk on its cash or deposits. The Company did not hold any cash equivalents at September 30, 2017 and had no interest rate swap or financial contracts in place at September 30, 2017..