

GETTY COPPER INC.
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2017

(Stated in Canadian dollars)

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**NOTICE THAT FINANCIAL STATEMENTS HAVE NOT BEEN
REVIEWED BY AN AUDITOR**

**Getty Copper Inc. (the "Issuer")
Financial Statements for Nine Months Ending September 30, 2017**

"In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements as at and for the nine months ended September 30, 2017. "

GETTY COPPER INC.
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	\$ 10,380	\$ 73,602
Amounts receivable (Note 5)	1,339	–
Prepaid expenses	9,092	1,521
	20,811	75,123
Reclamation Bonds	17,000	17,000
Exploration and Evaluation Assets (Note 6)	5,389,521	5,320,840
Property, Building and Equipment (Note 7)	101,011	103,560
	\$ 5,528,343	\$ 5,516,523
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 342,804	\$ 265,961
Provisions (Note 9)	123,000	158,000
Current portion of mortgage payable (Note 11)	8,083	52,280
Loan payable (Note 18)	102,158	–
	576,045	476,241
Mortgage Payable	38,441	–
Debenture (Notes 12 and 18)	945,715	905,326
	984,156	905,326
	1,560,201	1,381,567
SHAREHOLDERS' EQUITY		
Share Capital (Note 14)	23,565,099	23,565,099
Share Base Reserves (Note 15)	1,577,494	1,565,016
Deficit	(21,174,451)	(20,995,159)
	3,968,142	4,134,956
	\$ 5,528,343	\$ 5,516,523

Nature of Business and Continuing Operations (Note 1)

Approved by the Directors:

“Donald R. Willoughby” _____

“Dennis Milburn” _____

See accompanying notes to financial statements

GETTY COPPER INC.
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Stated in Canadian dollars)

	Three Months Ending Sept. 30, 2017	Nine Months Ending Sept 30, 2017	Three Months Ending Sept. 30, 2016	Nine Months Ending Sept. 30, 2016
Expenses:				
Depreciation	\$ 32	\$ 97	\$ 40	\$ 220
Bank charges & interest	75	231	95	326
Filing fees	1,300	7,143	1,795	11,656
Interest (Note 18)	1,321	2,158	2,126	3,617
Interest - long term (Notes 10, 11, 12 and 18)	14,320	42,600	9,168	27,312
Insurance	3,055	5,949	912	2,687
Marketing & promotion	49	383	-	633
Office & miscellaneous	383	11,330	8,032	13,103
Professional fees (Note 18)	18,391	48,898	18,330	96,486
Property tax	-	5,368	-	5,300
Rent (Note 18)	1,500	4,500	1,500	4,500
Share-based compensation (Note 14(d))	-	12,478	-	73,458
Telephone	1,346	4,342	1,751	4,402
Transfer fees	1,280	3,358	1,165	4,011
Travel	292	948	385	1,049
Wages & benefits	9,511	29,566	9,475	30,145
	52,855	179,349	54,774	278,905
Other Income:				
Interest income	12	57	47	107
Net and comprehensive loss for the period	(52,843)	(179,292)	(54,727)	(278,798)
Deficit, beginning	(21,121,608)	(20,995,159)	(20,914,236)	(20,690,165)
Deficit, ending	\$ (21,174,451)	\$ (21,174,451)	\$ (20,968,963)	\$ (20,968,963)
Loss per share (Note 3(c))	\$ (0.001)	\$ (0.001)	\$ (0.001)	\$ (0.002)
Number of common shares outstanding	(108,427,205)	(108,427,205)	(108,427,205)	(108,427,205)

See accompanying notes to financial statements

GETTY COPPER INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2017 AND 2016
(Stated in Canadian dollars)

	Share Capital	Share Base Reserves	Deficit	Total
Balance, January 1, 2017	\$ 23,565,099	\$ 1,565,016	\$ (20,995,159)	\$ 4,134,956
Net and comprehensive loss for the period	-	-	(179,292)	(179,292)
Share-based compensation	-	12,478		12,478
Balance, September 30, 2017	\$ 23,565,099	\$ 1,577,494	\$ (21,174,451)	\$ 3,968,142
Balance, January 1, 2016	\$ 23,565,099	\$ 1,491,558	\$ (20,690,165)	\$ 4,366,492
Net and comprehensive loss for the period	-	-	(278,798)	(278,798)
Share-based compensation	-	73,458	-	73,458
Balance, September 30, 2016	\$ 23,565,099	\$ 1,565,016	\$ (20,968,963)	\$ 4,161,152

See accompanying notes to financial statements

GETTY COPPER INC.
STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)

	Three Months Ending Sept. 30, 2017	Nine Months Ending Sept. 30, 2017	Three Months Ending Sept. 30, 2016	Nine Months Ending Sept. 30, 2016
Cash Provided By (used for)				
Operating Activities				
Net loss for the period	\$ (52,843)	\$ (179,292)	\$ (54,727)	\$ (278,798)
Items not involving cash:				
Depreciation	32	97	40	220
Share-based compensation	–	12,478	–	73,458
Interest on loan	1,321	2,158		
Interest on debenture	13,611	40,389		
Interest on indemnity	–	–	8,347	24,770
	(37,879)	(124,170)	(46,340)	(180,350)
Net Change in Non-Cash Working Capital Items:				
Accounts receivable	4,948	(1,339)	638	5,162
Prepaid expenses	4,355	(7,571)	2,212	193
Accounts payable and accrued liabilities	13,112	76,843	11,859	49,713
Loan Payable	10,000	100,000	42,126	154,617
Provisions	4,000	(35,000)	(15,000)	(22,000)
Other:				
Interest income	(12)	(57)	(47)	(107)
Interest income received	12	57	47	107
Interest expense	709	2,211	819	2,541
Interest paid	(709)	(2,211)	(819)	(2,541)
	(1,464)	8,763	(4,505)	7,335
Financing Activities				
Mortgage payable repayment	(1,947)	(5,756)	(1,835)	(5,425)
Investing Activities				
Investment in exploration and evaluation assets	(2,174)	(66,229)	(746)	(3,729)
Increase (Decrease) in Cash	(5,585)	(63,222)	(7,086)	(1,819)
Cash, beginning of the period	15,965	73,602	15,831	10,564
Cash, end of the period	\$ 10,380	\$ 10,380	\$ 8,745	\$ 8,745

Non-cash transactions - See Note 19.

See accompanying notes to financial statements

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

1. Nature of Business and Continuing Operations:

Getty Copper Inc. (the "Company") was incorporated under the Canada Business Corporations Act in September 1987 and its common shares are listed for trading on the TSX Venture Exchange. Subsequent to incorporation, the Company has gone through a number of name changes and in March 2003, its name was changed to Getty Copper Inc. The Company is in the business of mineral exploration and mine development in the Highland Valley area of British Columbia.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred losses since inception, has no source of operating revenue and at September 30, 2017, has a working capital deficit of \$555,234. The Company has been and remains dependant on its capacity to raise funds via equity issuances under terms that are consistent with the best interests of shareholders in order to finance its operations. These conditions may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements contain no provisions for adjustments which may become necessary if the Company becomes unable to continue on a going concern basis.

As the Company is in the exploration and evaluation stage, the Company has not yet determined whether its mineral rights contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral rights and the ability of the Company to meet its obligations are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the mineral rights and future profitable production or proceeds from the disposition thereof.

2. Basis of Preparation:

Statement of Compliance

These financial statements are unaudited and have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company for the nine months ended September 30, 2017 and 2016 have been prepared by management and approved and authorized for issue by the Board of Directors on November 15, 2017. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

Basis of Preparation

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS.

The financial statements have been prepared on the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

2. Basis of Preparation (Continued):

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Notes 3(h) and 3(i).

All amounts are presented in Canadian dollars, unless otherwise indicated, as a significant amount of the Company's business is conducted in this currency.

Changes in accounting policies and comparability:

Adoption of new and revised standards and interpretations

The following new and revised standards and interpretations were adopted effective for annual accounting periods beginning on or after January 1, 2017:

- IFRS 2 – Share –Based Payment;
- IAS 7 – Cash Flow Statement; and
- IAS 12 – Income Taxes.

The adoption of these new and revised standards and interpretations did not have a significant impact on the Company's financial statements.

New and revised standards not yet effective for the relevant periods

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning after January 1, 2017. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company expects to consistently adopt all these new standards.

IFRS 15 – Revenue from Contracts with Customers

For annual periods beginning on or after January 1, 2018, the IASB intends to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31 in their entirety with IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). This standard will outline the principles an entity must apply to measure and recognize revenue and the related cash flows. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 9 – Financial Instruments

For annual periods beginning on or after January 1, 2018, the IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 which is intended to reduce the complexity for the classification and measurement of financial instruments. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

2. Basis of Preparation (Continued):

IFRS 16 – Leases

For annual periods beginning on or after January 1, 2019, the IASB intends to replace IAS 17, IFRIC 4, SIC -15 and SIC – 27 in their entirety with IFRS 16 – Leases (“IFRS16”). This standard will outline the principles an entity must apply to recognition, measurement, presentation and disclosures of leases. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 2 – Share-based Payments

For annual periods beginning on or after January 1, 2018, the IASB has issued amendments to IFRS 2 – Share-based Payment. The amendments clarify how to account for certain types of share-based payment transactions. The company is currently evaluating the impact the amended standard is expected have on its financial statements.

The company has not early adopted these standards and amendments. These standards and amendments will be first applied in the financial reporting of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

3. Significant Accounting Policies:

a) Critical accounting policies, key judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the 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.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Impairments

Exploration and evaluation assets, and property, building and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset’s recoverable amount is less than the asset’s carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset’s fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management. Refer to Notes 6 and 7.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

3. Significant Accounting Policies (Continued):

a) Critical accounting policies, key judgements and estimates (continued)

ii. Key sources of measurement uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

b) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. Refer to Note 9.

c) Income taxes

Income tax expense represents the sum of tax currently payable and changes to deferred tax assets and liabilities as a result of operations during the period.

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income taxes

Deferred income tax is provided using the statement of financial position liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognized for all taxable temporary differences, except where the deferred income tax asset and liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income and comprehensive income.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

3. Significant Accounting Policies (Continued):

c) Income taxes (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

d) Loss per share

Loss per share has been calculated using the weighted-average number of common shares outstanding during each period. Diluted loss per share has not been calculated as it is anti-dilutive when the numerator used in the calculation is a net loss. For purposes of the calculation of the weighted-average number of common shares outstanding, share consolidations are considered to have occurred on the first day of the earliest fiscal year presented.

e) Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-maturity ("HTM");
- Available-for-sale ("AFS"); and
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has classified cash and cash equivalents and reclamation bonds as held-for-trading.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method. The Company's receivables and reclamation bonds are classified as loans and receivables. The Company has not designated any financial assets as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary. The Company has not classified any financial assets as available-for-sale.

Transactions 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.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

3. Significant Accounting Policies (Continued):

e) Financial Assets (continued)

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in income.

If, in a subsequent period, the amount of the 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 income.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in income, is transferred from equity to income. Reversals in respect of equity instruments classified as available-for-sale are not recognized in income.

De-recognition of Financial Assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flow expires; or
- If the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

• **Financial Liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has classified accounts payable and accrued liabilities, indemnity, debenture, mortgage payable, provisions and loan payable as other financial liabilities.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016
(Stated in Canadian dollars)

3. Significant Accounting Policies (Continued):

e) Financial Liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of operations before other comprehensive income.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

f) Cash and cash equivalents

Cash consists of funds held in the Company's chequing and savings account that do not have any restrictions placed on them. Cash equivalents include highly liquid investments having terms to maturity of 90 days or less when acquired. As at September 30, 2017 and 2016, the Company had no cash equivalents.

g) Property, building and equipment

Property, building and equipment are recorded at cost less accumulated depreciation and any accumulated impairment write-downs.

Depreciation is charged to the statement of operations so as to write-off the cost of assets less their residual values using the declining balance basis at the following annual rates:

Automotive equipment	30%
Building	4%
Computer equipment	45%
Computer software	100%
Office equipment	20%
Portable buildings	30%

When parts of an item of property, building and equipment have different useful lives, they are accounted for as separate items (major components) of property, building and equipment.

The Company assesses at each statement of financial position date, whether there is an indication that property, building and equipment may be impaired. If any indication of impairment exists, the Company performs an impairment test to determine whether an impairment loss is required to be recognized. Impairment tests are performed in accordance with the steps discussed in the accounting policy note entitled "Impairment of non-financial assets".

h) Exploration and evaluation assets

All direct costs relating to the exploration and evaluation assets that meet the generally accepted criteria for deferral are capitalized as incurred. These criteria include having a clearly defined process with identifiable associated costs, establishment of technical feasibility, an intention to process and sell the recovered minerals to a clearly defined market, and adequate resources exist or are expected to be available to complete the project to commercial production. Acquisition, option payments and direct exploration costs are deferred until the properties are placed into production, sold or abandoned or management has determined there to be impairment, at which time these deferred costs will either be amortized on a unit-of-production basis, charged to operations, if sold, or written-off.

GETTY COPPER INC.
NOTES TO FINANCIAL STATEMENTS
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3. Significant Accounting Policies (Continued):

h) Exploration and evaluation assets (continued)

Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs include any cash consideration and fair market value of shares issued, if any, on the acquisition of a mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when payments are made.

Carrying values of exploration and evaluation assets as reported on the statement of financial position do not necessarily reflect the actual present or future value. Recovery of carrying values is dependent upon the future commercial success of operations.

Upon establishment of commercial production, carrying values of mineral interests are amortized over the estimated life of the mines, using the unit-of-production basis, based upon the current estimated recoverable reserves and resources.

The Company reviews capitalized costs on its property interests at each statement of financial position date for impairment in value based upon current exploration results and upon management's assessment of the future profitability of revenues from the property or from the sale of the property. Management's assessment of the property's estimated current market value may also be based upon a review of other property transactions that have occurred in the same geographical area as that of the property under review. Administrative exploration related costs are expensed as incurred.

i) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, or cash-generating unit, in prior years.

j) Asset retirement and environmental provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, building and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement and environmental provision is recognized as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement and environmental provision is added to the carrying amount of the related asset and the cost is amortized in a manner consistent with the depreciation of the related asset. Following the initial recognition of the asset

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3. Significant Accounting Policies (Continued):

j) Asset retirement and environmental provisions (continued)

retirement and environmental provision, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation and accreted over time to its present value. The accretion charge is included in the statement of operations and comprehensive loss within amortization expense. At December 31, 2016 and 2015, the Company cannot reasonably estimate the fair value of the resource properties site restoration costs, if any.

k) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount. Refer to Note 17.

m) Share-based compensation

The Company grants stock options and warrants to buy common shares of the Company to directors, officers, employees and service providers. The directors, officers and employees receive a portion of their remuneration in the form of share-based payment transactions, whereby employees and service providers render services as consideration for equity transactions (“equity-settled transactions”).

The Board of Directors grants such options and warrants for periods up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The Company recognizes the fair value of share-based compensation over the vesting period of the options and warrants. The fair value of the options and warrants granted is calculated using the Black-Scholes option pricing model that takes into account the exercise price, expected life of the option, expected volatility of the underlying shares, expected dividend yield, and the risk free interest rate for the term of the option. The fair value excludes the effect of non market-based vesting conditions.

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3. Significant Accounting Policies (Continued):

n) Equity-settled transactions

The costs of equity-settled transactions with employees and service providers are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is recorded in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied. Share options granted to employees and service providers are treated as forfeited when such employees cease employment before the end of the vesting period. Such forfeitures result in a reversal of the expense previously recognized, with a corresponding adjustment to the contributed surplus.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement.

o) Exploration tax credits

Exploration tax credits are recorded as a reduction in exploration costs once there is reasonable assurance that they will be received.

p) Flow through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration program.

Pursuant to the terms of flow-through share agreements and Canadian tax legislation, these shares transfer the tax deductibility of qualifying resource expenditures to investors.

On issuance, the Company allocates the flow-through share into:

- i) Fair value of capital stock; and
- ii) The residual as a flow-through share premium, if any, which is recognized as a liability. Upon expenses being incurred, the Company derecognizes the liability and the related deferred tax liability will be recognized.

The Company is required to spend the proceeds received from the issuance of flow-through shares on Canadian resource property exploration expenditures within a two-year period.

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 the Canada Revenue Agency flow-through regulations. When applicable, this tax is accrued as an expense until paid.

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4. Financial Instruments:

Categories of financial instruments

	Sept. 30, 2017 \$	Sept. 30, 2016 \$
Financial Assets		
Cash	10,380	8,745
Accounts receivable	1,339	2,198
Reclamation bonds	17,000	17,000
	28,719	27,943
Financial Liabilities		
Accounts payable and accrued liabilities	342,804	363,867
Provisions	123,000	129,000
Mortgage payable	46,524	54,143
Debenture	945,715	-
Loan payable	102,158	169,617
Indemnity	-	576,746
	1,560,201	1,293,373

Fair Value

The Company estimates that the fair value of these financial instruments approximates the carrying values at September 30, 2017 and September 30, 2016, respectively.

All financial instruments revaluated at fair value must be classified according to a hierarchy containing 3 levels:

- i. Level 1 – Fair values based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 – Fair value techniques based on inputs other than quoted prices included in Level 1 that are observable on the market for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii. Level 3 – Fair values based on inputs for the assets and liabilities that are not based on observable market data.

The following table outlines the financial assets and liabilities measured at fair value in the financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above as at September 30, 2017 and September 30, 2016:

	Sept. 30, 2017 \$	Sept. 30, 2016 \$
Financial Assets		
Cash	10,380	8,745

5. Amounts Receivable:

	Sept. 30, 2017 \$	Sept. 30, 2016 \$
GST recoverable	1,339	2,198

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6. Exploration and Evaluation Assets:

The Getty mineral claims are contiguous and are located within the Kamloops Mining District of Highland Valley, British Columbia, covering an area of approximately 269 square kilometres. Building and equipment depreciation included in exploration costs during the nine months ending September 30, 2017 amounted to \$2,452 (2016 - \$2,661).

During the nine months ending September 30, 2017, the Company incurred \$68,681 (2016 - \$6,390) in deferred costs as follows:

	Getty Northwest	Getty Central	Getty North	Getty South 50% interest	Getty Southwest	Total Exploration & Development
Geology	\$ -	\$ -	\$27,768	\$ 27,768	\$ -	\$ 55,536
Other	-	-	4,810	\$ 4,389	-	9,199
Acquisition Costs	-	-	3,946	-	-	3,946
Total exploration & development costs	\$ -	\$ -	\$36,524	\$ 32,157	\$ -	\$ 68,681

During the nine months ending September 30, 2016, the Company incurred \$6,390 in deferred costs as follows:

	Getty Northwest	Getty Central	Getty North	Getty South 50% interest	Getty Southwest	Total Exploration & Development
Other	\$ 2,592	\$ 21	\$ 1,600	\$ 1,868	\$ 309	\$ 6,390
Total exploration & development costs	\$ 2,592	\$ 21	\$ 1,600	\$ 1,868	\$ 309	\$ 6,390

As at September 30, 2017, the Company's historical deferred costs and the current carrying aggregate amount are derived as follows:

	Getty Northwest	Getty Central	Getty North	Getty South 50% interest	Getty Southwest	Total Exploration & Development
Assay	\$ 35,746	\$ 1,143	\$ 507,075	\$ 66,732	\$ 13,971	\$ 624,667
Drilling	13,770	625	4,181,817	453,304	65,810	4,715,326
Environmental	173,676	1,282	54,290	4,059	21,149	254,456
Pre-feasibility study	-	-	343,563	184,819	-	528,382
Geology	1,054,886	38,213	2,023,550	444,099	204,516	3,765,264
Metallurgy	525	-	973,983	16,423	-	990,931
Other	827,804	19,397	1,035,418	310,925	147,378	2,340,922
Total exploration & development costs	2,106,407	60,660	9,119,696	1,480,361	452,824	13,219,948
Mineral rights acquisition costs	33,210	111,846	356,343	1,069,134	113,883	1,684,416
	2,139,617	172,506	9,476,039	2,549,495	566,707	14,904,364
Write-offs	(1,730,130)	(56,635)	(6,541,306)	(800,706)	(386,066)	(9,514,843)
	\$ 409,487	\$115,871	\$ 2,934,733	\$ 1,748,789	\$ 180,641	\$ 5,389,521

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6. Exploration and Evaluation Assets (Continued):

As at December 31, 2016, the Company's historical deferred costs and the current carrying aggregate amount are derived as follows:

	Getty Northwest	Getty Central	Getty North	Getty South 50% interest	Getty Southwest	Total Exploration & Development
Assay	\$ 35,746	\$ 1,143	\$ 507,075	\$ 66,732	\$ 13,971	\$ 624,667
Drilling	13,770	625	4,181,817	453,304	65,810	4,715,326
Environmental	173,676	1,282	54,290	4,059	21,149	254,456
Pre-feasibility study	-	-	343,563	184,819	-	528,382
Geology	1,054,886	38,213	1,995,782	416,331	204,516	3,709,728
Metallurgy	525	-	973,983	16,423	-	990,931
Other	827,804	19,397	1,030,608	306,536	147,378	2,331,723
Total exploration & development costs	\$ 2,106,407	\$ 60,660	\$ 9,087,118	\$ 1,448,204	\$ 452,824	\$ 13,155,213
Mineral rights acquisition costs	33,210	111,846	352,397	1,069,134	113,883	1,680,470
	2,139,617	172,506	9,439,515	2,517,338	566,707	14,835,683
Write-offs	(1,730,130)	(56,635)	(6,541,306)	(800,706)	(386,066)	(9,514,843)
	\$ 409,487	\$ 115,871	\$ 2,898,209	\$ 1,716,632	\$ 180,641	\$ 5,320,840

The Company acquired a 100% interest in the Getty North Property in 1992 from two private corporations controlled by Getty's then president. As consideration, the Company issued 4,608,492 common shares to each of the private corporations involved, subject to the Company obtaining a valuation on the property establishing a minimum value of \$2,304,246 and the approval of the securities commission in existence at that time. The property is subject to a 1.5% net smelter return royalty in favour of a private corporation controlled by the Chief Executive Officer of Getty Copper Inc.

The Getty Northwest property claims were acquired by the Company through staking this property. This property is also subject to a 1.5% net smelter return royalty in favour of a private corporation controlled by the Chief Executive Officer of Getty Copper Inc.

The Company originally entered into an agreement to acquire a 50% interest in the Getty Central, Getty South and Getty Southwest mineral rights from Robak. Certain terms and conditions laid out in this original contract were not met and on November 8, 2002, the Company and Robak terminated the original agreement and entered into a subsequent agreement for the Company to acquire a 100% interest in the Getty Central and Getty Southwest mineral rights and a 50% interest in the Getty South mineral rights in exchange for 6,000,000 common shares of the Company at a deemed value of \$1,200,000. The Company also agreed to pay 100% of the costs to place the Getty South mineral rights into production and granted a 1.5% net smelter royalty on all of these claims in favour of Robak.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to its properties are in good standing.

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7. Property, Building and Equipment:

	Automotive equipment	Computer equipment	Computer software	Office equipment	Portable buildings	Building	Land	Totals
Cost								
Balance, January 1, 2016	\$ 29,318	\$ 100,841	\$ 74,359	\$ 54,407	\$ 12,112	\$ 178,124	\$ 22,322	\$ 471,483
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2016	29,318	100,841	74,359	54,407	12,112	178,124	22,322	471,483
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance, September 30, 2017	\$ 29,318	\$ 100,841	\$ 74,359	\$ 54,407	\$ 12,112	\$ 178,124	\$ 22,322	\$ 471,483
Depreciation and impairment losses								
Balance, January 1, 2016	\$ 29,318	\$ 100,644	\$ 74,359	\$ 53,248	\$ 12,112	\$ 94,467	\$ -	\$ 364,148
Depreciation for the year	-	197	-	232	-	3,346	-	3,775
Impairment loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2016	29,318	100,841	74,359	53,480	12,112	97,813	-	367,923
Depreciation for the period	-	-	-	139	-	2,410	-	2,549
Impairment loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance September 30, 2017	\$ 29,318	\$ 100,841	\$ 74,359	\$ 53,619	\$ 12,112	\$ 100,223	\$ -	\$ 370,472
Carrying Amounts								
At January 1, 2016	\$ -	\$ 197	\$ -	\$ 1,159	\$ -	\$ 83,657	\$ 22,322	\$ 107,335
At December 31, 2016	\$ -	\$ -	\$ -	\$ 927	\$ -	\$ 80,311	\$ 22,322	\$ 103,560
At September 30, 2017	\$ -	\$ -	\$ -	\$ 788	\$ -	\$ 77,901	\$ 22,322	\$ 101,011

The Company owns land and office/storage building in Logan Lake. The premises are used for core storage, field offices and vehicle storage. The property is encumbered by a mortgage in the amount of \$46,524 as of September 30, 2017 (see Note 11).

8. Accounts Payable and Accrued Liabilities:

	Sept. 30, 2017	Sept. 30, 2016
Trade payables	\$ 296,925	\$ 261,425
Amounts due to related parties (Note 18)	45,879	102,442
	<u>\$ 342,804</u>	<u>\$ 363,867</u>

9. Provisions:

The provision below represents accruals for professional fees.

Balance, January 1, 2016	\$ 151,000
Decrease	(21,000)
Increase	28,000
Balance, December 31, 2016	<u>158,000</u>
Decrease	(39,000)
Increase	4,000
Balance, September 30, 2017	<u>\$ 123,000</u>

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10. Indemnity:

In April, 2009, the Company reached a settlement with one of its Directors to indemnify him for approximately 88% of legal expenses incurred during 2004 to 2007 in connection with his prosecution of legal actions against former Directors who were alleged to have improperly attempted to impugn for personal reasons a 2002 mineral property interest sale agreement ("MPISA") between the Director's company and Getty Copper Inc. The settlement was premised on the fact that the Director's legal actions were of benefit to the Company in the conduct of its own litigation in defense of the MPISA. The settlement provided that the Director was entitled to receive \$650,000 by way of cash of \$50,000 upon execution of a definitive agreement and a secured debenture of \$600,000 bearing interest at 6%, and was originally payable on June 30, 2014. On September 30, 2017, the date of repayment was extended to December 1, 2018.

In November 2016, the indemnity and accrued interest was repaid with the funds from a Debenture. See Note 12.

11. Mortgage Payable:

The mortgage payable is associated with the Logan property (see Note 7).

The mortgage payable is secured by a first mortgage on land and building and requires monthly payments of \$885 including interest at 6.0% per annum and the mortgage payable will mature on September 1, 2022.

Principal repayments required are as follows:

	Sept. 30, 2017	Sept. 30, 2016
Payable not later than one year	\$ 8,083	\$ 7,619
Payable later than one year and not later than five years	38,441	46,524
	\$ 46,524	\$ 54,143

12. Debenture:

During November 2016, the Company executed a \$900,000 debenture with a company controlled by the Chief Executive Officer of Getty Copper Inc. The debenture bears interest at 6% per annum calculated yearly, not in advance. The principal balance plus all unpaid interest is due and payable at the earlier of:

- January 2, 2018;
- three days after the Company has completed, and received the proceeds from, one or more securities offering(s) where the aggregate proceeds are at least \$2 million;
- the date on which the Company sells all or substantially all of its assets; and
- the date on which there is a transfer of the Company's shares which results in more than 50% of the shares being beneficially owned, directly or indirectly, by persons other than the CEO of the Company and any related party.

The debenture is secured by:

- a fixed and specific first mortgage, pledge and charge to and in favour of Robak over: (i) all Crown grants, lands and other real and immovable property owned by the Company together with all appurtenances, buildings and fixtures located thereon; and (ii) all furniture, machinery equipment, vehicles and accessories and other goods and chattels of the Company; and
- a security interest by way of a floating charge on the whole of the Company's undertaking and all of its mineral claims, agreement rights, property and assets, but excluding the property subject to the mortgage.

The Company has the right to prepay, in whole or in part and subject to a \$10,000 minimum payment, the debenture together with any accrued and unpaid interest without notice, penalty or bonus.

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12. Debenture (Continued):

The debenture proceeds were used to repay \$824,625 in liabilities as follows:

- \$581,647 (indemnity of \$450,000 plus \$131,647 in accrued interest) payable to the CEO of the Company;
- \$2,109 (expense reimbursement) payable to the CEO of the Company;
- \$176,119 (loan proceeds of \$171,000 plus \$5,119 in accrued interest) payable to a company with a common director;
- \$56,350 (management fees of \$52,500 plus \$3,850 in taxes) payable to a company with a common director; and
- \$8,400 (rent of \$8,000 plus \$400 in taxes) payable to a company with a common director.

At December 31, 2016, the fair value of the debenture was approximately \$849,000. Fair value was determined using an income approach. An income approach is a present value technique that takes into account the future cash flows that would be expected to be received from holding the debenture as an asset. Present value was calculated using the following attributes – future lump sum of \$900,000, 12 months to maturity and a discount rate of 6% discounted annually.

Also see Note 19.

13. Income Taxes:

A reconciliation of Canadian income taxes at the statutory rate is as follows:

	Sept. 30, 2017	Sept. 30, 2016
	26%	26%
Net and comprehensive loss for the period	\$ 179,349	\$ 278,913
Expected income tax recovery	\$ (46,631)	\$ (72,517)
Net adjustment for deductible and non-deductible amounts	3,057	18,952
Unrecognized benefit of tax pool assets	43,574	53,451
Income taxes	\$ –	\$ (114)

The significant components of the Company's deferred income tax assets are as follows:

	Sept. 30, 2017	Sept. 30, 2016
Deferred income tax assets:		
Mineral properties	\$ 585,500	\$ 586,300
Non-capital loss carry-forwards	1,669,600	1,619,200
Building & equipment	104,100	103,200
Share issue costs	600	900
	2,359,800	2,309,600
Valuation allowance	(2,359,800)	(2,309,600)
Net deferred tax assets	\$ –	\$ –

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13. Income Taxes (Continued):

At September 30, 2017, the Company has approximately \$6,419,000 of loss carry forwards which may be available to reduce taxable income in future years. These losses expire as follows:

2026	\$ 1,132,000
2027	2,119,000
2028	205,000
2029	923,000
2030	305,000
2031	139,000
2032	254,000
2033	192,000
2034	256,000
2035	495,000
2036	231,000
2037	168,000
	\$ 6,419,000

Subject to certain restrictions, the Company also has mineral property expenditures of approximately \$7,641,300 available to reduce taxable income in future years.

Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

14. Share Capital:

a) Authorized: Unlimited number of common shares

b) Issued:	Shares	Amount
Balance, January 1, 2016	108,427,205	\$ 23,565,099
Shares issued	-	-
Share issue costs	-	-
Balance December 31, 2016	108,427,205	23,565,099
Shares issued	-	-
Share issue costs	-	-
Balance September 30, 2017	108,427,205	\$ 23,565,099

c) Warrants

There are currently no warrants outstanding.

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14. Share Capital (Continued):

d) Share purchase options

The following is a summary of changes in share purchase options from January 1, 2016 to December 31, 2016:

Expiry Date	Exercise Price \$	Number of Options January 1, 2016	Issued	Expired/ Cancelled	Number of Options December 31, 2016
July 20, 2016	0.05	311,850	–	311,850	–
June 20, 2018	0.05	–	311,850	–	311,850
June 20, 2019	0.05	2,837,835	–	1,403,325	1,434,510
August 15, 2019	0.07	1,712,165	–	846,675	865,490
August 15, 2016	0.07	188,150	–	188,150	–
August 15, 2018	0.05	–	688,150	–	688,150
August 15, 2019	0.05	–	3,675,000	–	3,675,000
		5,050,000	4,675,000	2,750,000	6,975,000
Wt. Average price		0.06	0.05	0.06	0.05
Wt. Average remaining life (yrs.)		3.22			2.44

The following is a summary of changes in share purchase options from January 1, 2017 to September 30, 2017:

Expiry Date	Exercise Price \$	Number of Options January 1, 2017	Issued	Expired/ Cancelled	Number of Options September 30, 2017
June 20, 2018	0.05	311,850	–	–	311,850
June 20, 2019	0.05	1,434,510	–	–	1,434,510
August 15, 2019	0.07	865,490	–	–	865,490
August 15, 2018	0.05	688,150	–	–	688,150
August 15, 2019	0.05	3,675,000	500,000	(500,000)	3,675,000
		6,975,000	500,000	(500,000)	6,975,000
Wt. Average price		0.05			0.05
Wt. Average remaining life (yrs.)		2.44			1.69

At the Company's 2017 Annual General Meeting held June 5, 2017 the shareholders approved a new Incentive Stock Option Plan to replace the previous share option plan with a 10% rolling plan whereby the aggregate number of Common Shares that may be reserved for issuance pursuant to options shall not exceed 10% of the issued and outstanding Common Shares of the Company at the time of the granting of options. The Board of Directors is of the view that the New Plan is required in order to provide incentive to the directors, management, employees and consultants of the Company to act in the best interest of the Company and contribute to the future growth and success of the Company.

On April 18, 2017 the Company granted stock options to a new director of the Company to purchase an aggregate of 500,000 common shares in the capital of the Company. The options were granted at an exercise price of \$0.05 per common share expiring on August 15, 2019. The vesting period was waived.

On March 29, 2016, the Company granted stock options to a director and employee of the Company to purchase an aggregate of 1,175,000 common shares in the capital of the Company. The options were granted at an exercise price of \$0.05 per common share expiring on August 15, 2019. The vesting period was waived.

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14. Share Capital (Continued):

On June 2 and 3, 2016, the Company granted stock options to four directors of the Company to purchase an aggregate of 2,500,000 common shares in the capital of the Company. The options were granted at an exercise price of \$0.05 per common share expiring on August 15, 2019. The vesting period was waived.

On June 2, 2016, the Company modified the terms of 311,850 stock options granted to a consultant of the Company. Originally the options had an exercise price of \$0.05 per common share expiring on June 20, 2016. The options were modified to extend the expiry date to June 20, 2018. The vesting period was waived. No fair value adjustment was made in the statement of operations for this modification.

On June 3, 2016, the Company granted stock options to a consultant of the Company to purchase an aggregate of 500,000 common shares in the capital of the Company at an exercise price of \$0.05 per common share expiring on August 15, 2018. The vesting period was waived.

On August 16, 2016, the Company renewed 188,150 incentive stock options granted to a consultant of the Company. The options were renewed at an exercise price of \$0.05 per common share expiring on August 15, 2018.

Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations and comprehensive loss. This amount was recorded as the contributed surplus on the balance sheet.

The following is a summary of stock options outstanding as at September 30, 2017:

Exercise Price	Options outstanding	Remaining Contractual life [years]	Options vested
0.05	311,850	0.71	311,850
0.05	688,150	0.88	688,150
0.05	1,434,510	1.71	1,434,510
0.05	3,675,000	1.88	3,675,000
0.07	865,490	1.88	865,490
	6,975,000		6,975,000

The fair value of the stock options is estimated using the Black-Scholes model with weighted average assumption as follows:

	Sept. 2017	Sept. 2016
Risk free interest rate	0.64%	0.53% - 0.85%
Expected life of options in years	2.32	2 - 3.375
Expected volatility	197.59%	191.16% - 204.0%
Dividend per share	\$0.00	\$0.00
Share-based compensation	\$12,478	\$73,458

For the nine months ending September 30, 2017, \$12,478 share-based compensation was recognized in the statement of operations and comprehensive loss for options granted to adjust share-based compensation to fair value.

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15. Share Base Reserves:

The continuity is as follows:

	2017	2016
Balance at beginning of the period	\$ 1,565,016	\$ 1,491,558
Share-based compensation	12,478	73,458
Balance at end of the period	\$ 1,577,494	\$ 1,565,016

16. Capital Management:

The Company manages its capital structure and makes adjustments to it based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and capital stock, warrant, and option components of its shareholders' equity.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through a combination of equity capital raised by way of issuing equity instruments and external debt. In order to maintain or adjust the capital structure, the Company may attempt to raise additional financing through the issuance of new equity instruments, the exercise of outstanding common share purchase warrants and stock options. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ending September 30, 2017. The Company is not subject to externally imposed capital requirements.

17. Financial Risk Factors:

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

a) Credit risk

Credit is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity by ensuring there is sufficient capital to meet short and long-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances.

Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future requirements are met through a combination of committed credit facilities to access to capital markets.

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17. Financial Risk Factors (Continued):

b) Liquidity risk

The following table details the Company's expected remaining contractual maturities for its financial liabilities at September 30, 2017. The table used is based on the undiscounted cash flows of financial liabilities based on the earlier date on which the Company can be required to satisfy the liabilities.

As at September 30, 2017	6 months or less	6 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and accrued liabilities, and provisions	\$ 465,804	\$ -	\$ -	\$ -	\$ 465,804
Mortgage payable	4,042	4,041	38,441		46,524
Loan Payable		102,158			102,158
Debenture	-	-	945,715	-	945,715
	\$ 469,846	\$ 106,199	\$ 984,156	\$ -	\$ 1,560,201

c) Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. The Company currently has no assets or liabilities subject to fluctuating rates of interest and consequently, the Company is of the opinion that interest rate risk is currently nominal.

18. Related Party Transactions:

In addition to balances and transactions described elsewhere in these financial statements, the Company had the following balances with officers and directors of the Company and companies or professional firms with which officers or directors are associated:

	Sept. 30, 2017	Sept. 30, 2016
Companies affiliated with key management personnel	\$ 147,635 ⁽¹⁾	\$ 257,900 ⁽¹⁾
Companies controlled by directors	-	12,050
Companies controlled by directors (debenture) Note 12	945,715	-
Companies controlled by directors (indemnity) Note 10	-	576,746
	\$ 1,093,350	\$ 846,696

⁽¹⁾ Included in this amount is the loan payable which is unsecured, bears interest at 6% and is due on demand \$100,000 (2016- \$126,000).

All other amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company incurred the following transactions with officers of the Company and companies or professional firms with which officers are associated:

	Sept. 30, 2017	Sept. 30, 2016
Rent	\$ 4,500	\$ 4,500
Loan	100,000	151,000
Interest on indemnity	-	3,617
Interest on debenture	40,389	-
Interest on loan payable	2,158	24,771
Professional fees	10,521	12,576
	\$ 157,568	\$ 196,464

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18. Related Party Transactions (Continued):

These transactions are in the normal course of operations and are measured at fair value as determined by management.

Also see notes 10 and 12.

19. Non-cash Transactions:

During the nine months ending September 30, the Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

	Nine Months Ending	
	Sept. 30, 2017	Sept. 30, 2016
Depreciation included within exploration and evaluation assets	\$ 2,452	\$ 2,661