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**Honey Badger Exploration Inc.**

**Condensed Interim Consolidated Financial Statements**

For the Nine-Month Periods Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

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**Notice of No Auditor Review of Interim Financial Statements**

As per National Instrument 51-102 *Continuous Disclosure Obligations* Part 4.3 *Disclosure of Auditor Review*, the auditors of Honey Badger Exploration Inc. have not performed a review of these interim financial statements.

**Honey Badger Exploration Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Expressed in Canadian Dollars)*

	September 30, 2017	December 31, 2016
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 105,350	\$ 51,263
Amounts Receivable (note 5)	24,263	41,757
Prepaid Expenses	2,789	1,000
<b>Total Assets</b>	<b>\$ 132,402</b>	<b>\$ 94,020</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 112,850	\$ 319,089
Deferred Flow-Through Premium (note 6)	50,786	48,200
Flow-Through Provision (note 7)	430,294	430,294
<b>Total Liabilities</b>	<b>593,930</b>	<b>797,583</b>
<b>Shareholders' Deficiency</b>		
Share Capital (note 8)	6,290,747	5,591,833
Contributed Surplus	1,479,986	1,479,986
Warrant Reserve (note 10)	607,992	417,793
Accumulated Deficit	(8,840,253)	(8,193,175)
<b>Total Shareholders' Deficiency</b>	<b>(461,528)</b>	<b>(703,563)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 132,402</b>	<b>\$ 94,020</b>

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Nature of operations and going concern** (note 1)

**Commitments and contingencies** (note 11)

**Subsequent Events** (note 14)

Approved by the Board of Directors

Signed: "Tara Gilfillan"

Director

Signed: "Craig Scherba"

Director

**Honey Badger Exploration Inc.**  
**Condensed Interim Consolidated Statements of Gain (Loss) and Comprehensive Gain (Loss)**  
*(Expressed in Canadian Dollars)*

	<b>Three-Month Period Ended</b>		<b>Nine-Month Period Ended</b>	
	<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>30, 2017</b>	<b>30, 2016</b>	<b>30, 2017</b>	<b>30, 2016</b>
<b>Expenses</b>				
Exploration expenditures (notes 4, 5)	\$ 587,563	\$ 129,850	\$ 591,963	\$ 259,021
Payroll and professional fees (note 5)	45,239	45,028	101,919	151,174
General and administrative	25,493	21,061	45,706	187,012
Provision (note 7)	-	328,293	-	328,293
Recovery from related party (note 5)	-	-	(85,000)	-
Deferred Premium (note 6)	(7,352)	-	(7,352)	-
Interest expense (income)	42	(116)	(293)	152
Loss on foreign exchange	-	-	135	-
Realized loss (gain) from marketable securities (note 3)	-	-	-	8,135
<b>Gain (Loss) for the Period</b>	<b>(650,985)</b>	<b>(524,116)</b>	<b>(647,078)</b>	<b>(933,787)</b>
Changes in fair value of marketable securities (note 3)	-	-	-	5,474
<b>Gain (Loss) and Comprehensive Gain (Loss) for the Period</b>	<b>(650,985)</b>	<b>(524,116)</b>	<b>(647,078)</b>	<b>(928,313)</b>
Gain (Loss) per share – basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.05)
Weighted average shares outstanding (note 8)	28,311,548	20,282,214	22,796,214	18,725,316

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Honey Badger Exploration Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*

	<b>Nine-Month Period Ended September 30, 2017</b>	<b>Nine-Month Period Ended September 30, 2016</b>
<b>Operating Activities</b>		
<b>Gain (Loss) for the Period</b>	\$ (647,078)	\$ (933,787)
Adjustments for non-cash items:		
Property acquired through shares	560,000	120,000
Deferred Premium	(7,352)	-
Realized loss (gain) on disposal of marketable securities	-	8,135
Change in working capital items:		
Amounts receivable	17,494	(11,260)
Prepaid expenses	(1,789)	18,040
Accounts payable and accrued liabilities	(206,240)	160,103
Flow-through provision	-	95,279
<b>Net cash used in operating activities</b>	<b>(284,965)</b>	<b>(543,490)</b>
<b>Investing Activities</b>		
Proceeds on sale of marketable securities	-	81,729
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>81,729</b>
<b>Financing Activities</b>		
Proceeds from private placement, net of issue costs	339,052	303,956
<b>Net cash provided by financing activities</b>	<b>339,052</b>	<b>303,956</b>
Net (decrease) increase in cash and cash equivalents	54,087	(157,805)
Cash and cash equivalents - beginning of period	51,263	281,656
Cash and cash equivalents - end of period	105,350	123,851
<b>Supplemental Disclosures:</b>		
Change in fair value of marketable securities	-	(2661)
Interest received as cash	293	347

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**Honey Badger Exploration Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholder's Deficiency**  
*(Expressed in Canadian Dollars)*

	Shares #	Share Capital \$	Contributed Surplus \$	Warrant Reserve \$	Accumulated Other Comprehensive Income (Loss) \$	Accumulated Deficit \$	Total \$
<b>Balance – December 31, 2015</b>	<b>18,266,104</b>	<b>5,517,397</b>	<b>1,363,734</b>	<b>257,285</b>	<b>(5,474)</b>	<b>(7,273,594)</b>	<b>(140,652)</b>
Private placement	1,891,666	344,000					344,000
Fair value of warrants issued		(256,734)		256,734			-
Fair value of Broker warrants issued		(20,026)		20,026			-
Fair value of flow-through premium recognized		(48,200)					(48,200)
Cost of issue		(40,044)					(40,044)
Fair value of shares issued for property acquisition	800,000	120,000					120,000
Fair value of expired warrants			99,300	(99,300)			-
Change in fair value of marketable securities					5,474		5,474
Loss for the Period						(933,787)	(933,787)
<b>Balance – September 30, 2016</b>	<b>20,957,770</b>	<b>5,616,393</b>	<b>1,463,034</b>	<b>434,745</b>	<b>-</b>	<b>(8,207,381)</b>	<b>(693,209)</b>
Cost of issue		(24,560)					(24,560)
Fair value of expired warrants			16,952	(16,952)			-
Loss for the Period						14,206	14,206
<b>Balance – December 31, 2016</b>	<b>20,957,770</b>	<b>5,591,833</b>	<b>1,479,986</b>	<b>417,793</b>	<b>-</b>	<b>(8,193,175)</b>	<b>(703,563)</b>
Private placement	6,680,000	385,687					385,687
Fair value of shares issued for property acquisition	8,000,000	560,000					560,000
Fair value of warrants issued		(160,686)		160,686			-
Fair value of Broker warrants issued		(29,513)		29,513			-
Fair value of flow-through premium recognized		(9,938)					(9,938)
Cost of issue		(46,636)					(46,636)
Gain (Loss) for the Period						(647,078)	(647,078)
<b>Balance – September 30, 2017</b>	<b>35,637,770</b>	<b>6,290,747</b>	<b>1,479,986</b>	<b>607,992</b>	<b>-</b>	<b>(8,840,253)</b>	<b>(461,528)</b>

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**1. Nature of Operations and Going Concern**

Honey Badger Exploration Inc. (the "Company") was founded in 1992 for the purpose of the acquisition, exploration, and development of mining properties. The Company's head office and the primary location of its registered records is 145 Wellington Street West, Suite 1001, Toronto, Ontario, M5J 1H8. The Company owns a wholly owned subsidiary 606596 Alberta Ltd. The Company is currently in the exploration stage and has not commenced any commercial operations.

As at September 30, 2017, the Company had a working capital deficit of \$461,528 (December 31, 2016: \$703,563) and an accumulated deficit of \$8,840,253 (December 31, 2016: \$8,193,175). These conditions cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Interim Consolidated Financial Statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The Condensed Interim Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**2. Significant Accounting Policies**

*(a) Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting principles consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The condensed interim consolidated financial statements were approved by the Board of Directors on November 29, 2017.

*(b) Basis of presentation*

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

*(c) Basis of consolidation*

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary 606596 Alberta Ltd., which is not active and has no assets in the current or prior year. All intercompany balances and transactions have been eliminated.

*(d) Significant accounting judgements and estimates*

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the financial statements relate to the following:

*Going concern*

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

*Deferred Flow-Through Premium and Flow-Through Provision Estimates*

The assumptions and calculations used for estimating the fair values of the flow-through premiums and flow-through provisions as disclosed in Notes 6 and 7.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**3. Marketable Securities**

The following table sets out the changes to the marketable securities:

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	<b>Marketable Securities \$</b>
<b>Balance – December 31, 2015</b>	<b>\$ 84,390</b>
Realized loss reported to profit or loss	(8,135)
Changes in fair value through Other Comprehensive Income	5,474
Proceeds of Disposition	(81,729)
<b>Balance – September 30, 2016</b>	<b>\$ -</b>
<b>Balance – December 31, 2016</b>	<b>\$ -</b>
<b>Balance – September 30, 2017</b>	<b>\$ -</b>

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**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

**4. Mineral Properties**

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its mineral properties:

	<b>Barite Gold- Zinc Property \$</b>	<b>LG and Wemindji Properties \$</b>	<b>Other Properties \$</b>	<b>All Exploration Properties \$</b>
<b>Balance – December 31, 2015</b>	-	<b>162,349</b>	<b>2,412,329</b>	<b>2,574,678</b>
Property Acquisition Costs	-	10,000	-	10,000
Exploration Expenditures	-	128,396	85	128,481
<b>Balance – September 30, 2016</b>	-	<b>300,745</b>	<b>2,412,414</b>	<b>2,713,159</b>
Property Acquisition Costs	-	120,000	-	120,000
Exploration Expenditures	-	86,723	540	87,263
<b>Balance – December 31, 2016</b>	-	<b>507,468</b>	<b>2,412,954</b>	<b>2,920,422</b>
Property Acquisition Costs	560,00	-	6,642	566,642
Exploration Expenditures	248	3,567	21,506	25,321
<b>Balance – September 30, 2017</b>	<b>560,248</b>	<b>511,035</b>	<b>2,441,102</b>	<b>3,512,385</b>

During the nine-month period ended September 30, 2017:

- a) The Company incurred exploration and evaluation expenditures of \$248 and acquisition costs of \$560,000 on the Barite Gold-Zinc Property (2016: \$nil and \$nil).
- b) The Company incurred exploration and evaluation expenditures of \$3,567 and acquisition costs of \$nil on the on the LG Diamond and Wemindji Properties (2016: \$128,396 and \$10,000).
- c) The Company incurred exploration and evaluation expenditures of \$21,506 and acquisition costs of \$6,642 on other properties (2016: \$nil and \$nil).

**Barite Gold-Zinc Property, Quebec**

On August 8, 2017, the Company acquired a block of three (3) properties located in southeastern Québec (the “Barite Gold-Zinc Properties”) by issuing 8,000,000 common shares and granted a 2% net sales returns (“NSR”) royalty to the property vendor, 9019-5504 Quebec Inc. The vendor is an arm’s length party to the Company. The entire 2% NSR may be bought back for \$1,000,000.

**LG Diamond Property, Quebec**

On September 29, 2015, the Company entered into an agreement with 9019-5504 Quebec Inc. (the “Vendor”) to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. As consideration, the Company issued 10,000,000 common shares at a value of \$0.01 each and granted a 2% net smelter returns (“NSR”) royalty to the Vendor. One half, or 1% of the NSR can be bought back for \$1,000,000 and the remaining 1% for \$2,000,000. The purchase transaction closed on October 23, 2015.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**4. Mineral Properties (Continued)**

**Wemindji Property**

On May 26, 2016, the Company entered into an agreement to acquire the Wemindji Property, which consists of 29 claims located south-east of Wemindji, in the James Bay region of Québec. The acquisition costs consisted of the payment of \$10,000 cash and the issuance of 4,000,000 common shares of the Company with a fair value of \$120,000. The Company is also required to grant of a 2% net smelter return (“NSR”) royalty to the property vendors. The 2% NSR may be bought back from the vendors for \$2,000,000. The vendors were at arm's length to the Company. The cash payments were completed in August 2016. On September 16, 2016, the Company issued the 4,000,000 common shares owed to the property vendors.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**5. Related Party Transactions and Balances**

Related parties as defined by IAS 24 Related Party Disclosures include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company.

Key management personnel for the Company consists of the CEO, CFO and VP Exploration.

The following transactions occurred with related parties during the nine-month period ended September 30, 2017:

- a) Key management personnel received the following compensation
  - a. Cash compensation of \$nil (2016: \$27,181), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss.
  - b. Professional fees of \$42,158 (2016: \$36,675), which was paid to a corporation controlled by the CFO for professional services including accounting, corporate secretarial and transaction support services, which has been recorded in payroll and professional fees on the Statement of Loss and Comprehensive Loss.
- b) The Company recovered \$85,000 (2016: \$nil) from a corporation under common management control relating to common investor relation expenses.

As of September 30, 2017, the outstanding related party balances were as follows:

- a) A corporation under common management control owed \$nil (December 31, 2016: \$18,650) to the Company for joint severance expenditures, which is included in amounts receivable.
- b) The Company owed \$nil to a corporation under common management control (December 31, 2016: \$11,801), which is included in accounts payable and accrued liabilities.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**6. Deferred Premium on Flow-Through Shares**

The following table sets out the changes to the deferred premium balances:

<b>Financing Series</b>	<b>2014 F/T Series</b>	<b>2015 F/T Series</b>	<b>2016 F/T Series</b>	<b>2017 F/T Series</b>	<b>Total Deferred Premium</b>
<b>Balance – December 31, 2015</b>	<b>\$ 40,865</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,865</b>
Recognition of Deferred Premium	-	-	48,200	-	48,200
<b>Balance – September 30, 2016</b>	<b>\$ 40,865</b>	<b>\$ 40,000</b>	<b>\$ 48,200</b>	<b>\$ -</b>	<b>\$ 129,065</b>
Decrease of Deferred Premium	(40,865)	(40,000)	-	-	(80,865)
<b>Balance – December 31, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,200</b>	<b>\$ -</b>	<b>\$ 48,200</b>
Recognition of Deferred Premium	-	-	48,200	9,938	58,138
Decrease of Deferred Premium	-	-	(7,352)	-	(7,352)
<b>Balance – September 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,848</b>	<b>\$9,938</b>	<b>\$ 50,786</b>

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**7. Provision for Flow-Through Shares**

The following table sets out the changes to the provision for the obligation to flow-through subscribers:

<b>Financing Series</b>	<b>2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012</b>	<b>2011 F/T Series Part XII.6 Tax</b>	<b>2014 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2015</b>	<b>Total Provision</b>
<b>Balance – December 31, 2015</b>	<b>\$ 202,973</b>	<b>\$ 132,042</b>	<b>\$ -</b>	<b>\$ 335,015</b>
Change in F/T Provision	(100,973)	100,973		-
Reclassification to Accounts Payable		(233,015)		(233,015)
Recognition of F/T Provision			72,300	72,300
Increase of F/T Provision	255,994	-		255,994
<b>Balance – September 30, 2016</b>	<b>\$ 357,994</b>	<b>\$ -</b>	<b>\$ 72,300</b>	<b>\$ 430,294</b>
<b>Balance – December 31, 2016</b>	<b>\$ 357,994</b>	<b>\$ -</b>	<b>\$ 72,300</b>	<b>\$ 430,294</b>
<b>Balance – September 30, 2017</b>	<b>\$ 357,994</b>	<b>\$ -</b>	<b>\$ 72,300</b>	<b>\$ 430,294</b>

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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## **8. Share Capital**

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value.

On July 10, 2017, the Company completed a 5:1 consolidation of its issued and outstanding common shares and issued and outstanding common share purchase warrants. The Condensed Interim Consolidated Financial Statements have been adjusted to give effect to the consolidation.

As at September 30, 2017, the Company had 35,637,770 issued and outstanding common shares (December 31, 2016: 20,957,770). All issued and outstanding common shares are fully paid.

The following shares were issued during the nine-month period ended September 30, 2017:

- On August 9, 2017, the Company completed the acquisition of barite-zinc properties situated in Quebec by issuing 8,000,000 post-consolidation common shares and granting a 2% net sales returns royalty to 9019-5504 Quebec Inc. The entire 2% NSR may be bought back for \$1,000,000.
- On August 23, 2017, the Company completed a non-brokered private placement for gross proceeds of \$385,688. Pursuant to the Financing, the Company issued 2,650,000 flow-through units ("FT Units") priced at \$0.06 per FT Unit for aggregate proceeds of \$159,000 and 4,030,000 non-flow-through units ("Non-FT Units") priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$226,687. Each FT Unit consists of one common share of the Company issued on a "flow-through" basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a "FT Warrant"), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a "Non-FT Warrant") with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$30,855 and issued 534,400 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

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**9. Stock Options**

The Company has a stock option plan (the “Plan”) under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company.

The exercise price of the options cannot be less than the closing price of the Company’s shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board, in accordance with applicable Exchange or other regulatory requirements, if any, will determine the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

As of September 30, 2017, there were nil stock options outstanding (December 31, 2016: nil).

**Honey Badger Exploration Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
*For the nine-month periods ended September 30, 2017 and 2016*

**10. Warrants**

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration, cancellation or exercise.

The following is a continuity schedule for the warrants outstanding from December 31, 2016 to September 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding And Exercisable December 31, 2016</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding And Exercisable September 30, 2017</b>	<b>Ending Fair Value</b>
December 24, 2018	\$ 0.275	472,000	-	-	-	472,000	\$ 64,433
April 26, 2019	\$ 0.350	455,000	-	-	-	455,000	\$ 61,392
April 26, 2019	\$ 0.250	686,667	-	-	-	686,667	\$ 94,147
April 26, 2019	\$ 0.500	91,333	-	-	-	91,333	\$ 12,086
May 12, 2019	\$ 0.350	750,000	-	-	-	750,000	\$ 101,195
May 12, 2019	\$ 0.500	60,000	-	-	-	60,000	\$ 7,940
December 12, 2019	\$ 0.250	1,289,960	-	-	-	1,289,960	\$ 76,600
August 23, 2020	\$ 0.056	-	534,400	-	-	534,400	\$ 29,513
August 23, 2020	\$ 0.075	-	4,030,000	-	-	4,030,000	\$ 111,545
August 23, 2020	\$ 0.100	-	1,325,000	-	-	1,325,000	\$ 49,141
<b>Total</b>	<b>\$ 0.06</b>	<b>3,804,960</b>	<b>5,889,400</b>	<b>-</b>	<b>-</b>	<b>9,694,360</b>	<b>\$ 607,992</b>

The following warrants were issued during the nine-month period ended September 30, 2017:

- On August 23, 2017, the Company issued 1,325,000 warrants exercisable to acquire one common share of the Company at a price of \$0.10 for a period of 36 months and 4,030,000 warrants exercisable to acquire one common share of the Company at a price of \$0.75 for a period of 36 months. The Company also issued 534,400 non-transferable compensation units, with each compensation unit consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. The warrants fair value was determined using a binomial model based on the Black-Scholes methodology using a risk-free rate of 0.75% and a volatility of 200%.

**Honey Badger Exploration Inc.**  
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**11. Commitments and Contingencies**

**Flow-Through Expenditure Commitments**

The Company has completed several flow-through (“F/T”) share financings that involve a commitment to incur Canadian exploration expenditures (“CEEs”) prior to the end of specific calendar years and to renounce the CEE tax deductions to the subscribers. Flow-through shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada.

The following tables sets out the flow-through expenditure commitments as of September 30, 2017:

<b>Financing Series</b>	<b>2016 F/T First Series</b>	<b>2016 F/T Second Series</b>	<b>2017 F/T First Series</b>
Financing Date	April 26, 2016	June 3, 2016	August 23, 2017
Commitment Deadline	December 31, 2017	December 31, 2017	December 31, 2018
Commitment Amount	\$ 91,000	\$ 150,000	\$ 159,000
Less: Qualifying Expenditures Incurred	(21,506)	-	-
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ 69,494</b>	<b>\$ 150,000</b>	<b>\$ 159,000</b>

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## **12. Capital Management**

As of September 30, 2017, the Company had a working capital deficit of \$461,528 (December 31, 2016: \$703,563).

There were no changes in the Company's approach to capital management during the nine-month period ended September 30, 2017.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending commitments.

**Honey Badger Exploration Inc.**  
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### **13. Financial Instrument Risk Factors**

The following disclosures are to enable users of the financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

**a) Credit risk**

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

**b) Liquidity risk**

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at September 30, 2017, the Company had a cash balance of \$105,350 (December 31, 2016: \$51,263) to settle current liabilities of \$593,930 (December 31, 2016: \$797,583). As a result, the Company is exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

**c) Market risks**

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit or loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to diamonds, is the sensitivity of the fair value of or of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets.
- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

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**14. Subsequent Events**

- On October 10, 2017, the Company granted a total of 2,500,000 stock options of which 2,150,000 stock options were granted to directors and officers. Each stock option is exercisable into common shares at a price of \$0.06 per stock option expiring on October 10, 2020.
- On November 2, 2017, the Company announced the completed a non-brokered private placement for gross proceeds of \$285,942. Pursuant to the Financing, the Company issued 2,433,333 flow-through units (“FT Units”) priced at \$0.06 per FT Unit for aggregate proceeds of \$146,000 and 2,487,858 non-flow-through units (“Non-FT Units”) priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$139,942. Each FT Unit consists of one common share of the Company issued on a “flow-through” basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a “FT Warrant”), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a “Non-FT Warrant”) with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$6,435 and issued 108,000 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.
- On November 15, 2017, the Company granted a total of 315,000 stock options to a consultant exercisable into common shares at a price of \$0.065 per stock option expiring on November 15, 2020.
- On November 16, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain of its obligations totalling \$165,061 through the issuance of 2,934,421 Common Shares at a deemed price of \$0.05625 per Common Share.