enCore Energy Corp.

TSX.V:EU

enCore Energy Corp.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
As at

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current			
Cash		$ 1,647,749	$ 98,069
Receivables and prepaid expenses		28,729	15,974
		1,676,478	114,043
Mineral properties	5	3,986,822	3,992,326
Total assets		$ 5,663,300	$ 4,106,369
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	6	$ 92,521	$ 305,067
Due to related parties	8	130,768	83,428
Total liabilities		223,289	388,495
Shareholders' Equity			
Share capital	7	23,310,203	21,239,438
Contributed surplus		997,735	823,573
Accumulated other comprehensive income		483,863	782,040
Deficit		(19,351,790)	(19,127,177)
Total shareholders' equity		5,440,011	3,717,874
Total liabilities and shareholders' equity		$ 5,663,300	$ 4,106,369

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

"*William M. Sheriff*"
Director

"William B. Harris"
Director

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Expenses					
Consulting		$ 21,675	$ -	$ 75,525	$ -
Interest expense		-	-	3,467	-
Office and administration	8	21,701	21,297	73,929	63,065
Professional fees		8,157	7,891	12,430	32,816
Promotion and shareholder communications		-	-	-	92
Staff costs	8	19,270	20,065	60,037	61,171
Stock option expense	7	1,146	11,580	6,490	26,523
		(71,949)	(60,833)	(231,878)	(183,667)
Other income		4,770	-	10,685	-
Foreign exchange loss		(8,445)	(1,353)	(3,420)	(1,759)
Change in fair value of marketable securities	4	-	-	-	(14,364)
Realized gain on sale of available for sale securities	4	-	-	-	76,631
Loss for the period		$ (75,624)	$ (62,186)	$ (224,613)	$ (123,159)
Other comprehensive income (loss)					
Exchange differences on translating foreign operations		$ (170,120)	$ 25,413	$ (298,177)	$ (312,315)
Reclassification of realized gain on sale of available for sale securities	4	-	-	-	(76,631)
Unrealized gain on available for sale securities	4	-	-	-	62,267
Other comprehensive income (loss) for the period		$ (170,120)	$ 25,413	$ (298,177)	$ (326,679)
Comprehensive loss for the period		$ (245,744)	$ (36,773)	$ (522,790)	$ (449,838)
Basic and diluted loss per share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding		111,492,750	71,492,750	104,875,103	71,492,750

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (224,613)	$ (123,159)
Items not affecting cash:		
Stock option expense	6,490	26,523
Unrealized foreign exchange gain	-	(13,266)
Realized gain on sale of available for sale securities	-	(76,631)
Change in fair value of available for sale securities	-	14,364
Changes in non-cash working capital items:		
Receivables and prepaids	(12,755)	4,672
Accounts payable and accrued liabilities	14,898	36,698
Due to related parties	56,210	58,914
Net cash used in operating activities	(159,770)	(71,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties expenditures	(529,328)	(160,936)
Proceeds from sale of available for sale securities	-	102,131
Net cash used in investing activities	(529,328)	(58,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for private placement	2,400,000	-
Share issuance costs	(161,563)	-
Net cash provided by financing activities	2,238,437	-
Effect of exchange rate changes on cash	341	(105)
Change in cash during the period	1,549,680	(130,795)
Cash, beginning of period	98,069	277,506
Cash, end of period	$ 1,647,749	$ 146,711

Supplemental cash flow information – Note 12

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Cumulative translation adjustment	Other comprehensive income	Deficit	Total
Balance as at December 31, 2015	**71,492,750**	**$ 21,239,438**	**$ 779,123**	**$ 895,962**	**$ 14,364**	**$ (18,934,858)**	**$ 3,994,029**
Stock option expense	-	-	26,523	-	-	-	26,523
Loss and comprehensive loss for the period	-	-	-	(326,679)	-	(123,159)	(449,838)
Balance as at September 30, 2016	**71,492,750**	**$ 21,239,438**	**$ 805,646**	**$ 569,283**	**$ 14,364**	**$ (19,058,017)**	**$ 3,570,714**
Balance as at December 31, 2016	**71,492,750**	**$ 21,239,438**	**$ 823,573**	**$ 782,040**	**$ -**	**$ (19,127,177)**	**$ 3,717,874**
Shares issued for private placement	40,000,000	2,400,000	-	-	-	-	2,400,000
Share issuance costs	-	(329,235)	167,672	-	-	-	(161,563)
Stock option expense	-	-	6,490	-	-	-	6,490
Loss and comprehensive loss for the period	-	-	-	(298,177)	-	(224,613)	(522,790)
Balance as at September 30, 2017	**111,492,750**	**$ 23,310,203**	**$ 997,735**	**$ 483,863**	**$ -**	**$ (19,351,790)**	**$ 5,440,011**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

enCore Energy Corp. was incorporated on October 30, 2009 under the Laws of British Columbia. enCore Energy Corp., together with its subsidiary (collectively referred to as the "Company" or "enCore"), is principally engaged in the acquisition and exploration of resource properties in the United States. The Company's common shares trade on the TSX Venture Exchange under the symbol "EU.V."

The Company's head office is located at #510 – 580 Hornby Street, Vancouver, BC.

The condensed interim consolidated statements of financial position have been prepared assuming the Company will continue on a going-concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For the period ended September 30, 2017, the Company reported a net loss of $224,613 and as at that date had a net working capital of $1,453,189 and an accumulated deficit of $19,351,790. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing.

While the Company currently has no source of revenue, management believes the cash balance will be sufficient to fund general working capital requirements for the next twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and effective as of September 30, 2017.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements were approved for issuance by the board of directors on November 16, 2017.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's share capital. All significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements include the financial statements of the Company and its significant subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity	Functional Currency
Tigris Uranium US Corp.	Nevada, USA	100%	Mineral Exploration	USD

New accounting standards and interpretation

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim consolidated financial statements.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the statement of financial position, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although management uses historical experience and its best knowledge of the expected amounts, events or actions to form the basis for estimates, actual results may differ from these estimates. Significant accounting estimates and judgments include the following:

Critical accounting estimates:

The assessment of the recoverable amount of mineral properties as a result of impairment indicators - When indicators of impairment are identified, recoverable amount calculations are based either on discounted estimated future cash flows or on comparable recent transactions. The assumptions used are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these assumptions may alter the results of impairment testing, the amount of the impairment charges recorded in the statement of income (loss) and comprehensive income (loss) and the resulting carrying values of assets.

Share-based payments - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets - Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Critical accounting judgments:

The assessment of indicators of impairment for mineral properties - The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the Company's future plans to explore and evaluate a mineral property.

Determination of functional currency - In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company is the Canadian dollar and the functional currency of its subsidiary is the U.S. dollar.

(Expressed in Canadian dollars)

4. AVAILABLE FOR SALE SECURITIES

		Shares
Balance, December 31, 2015	$	54,000
Disposal by sales		(102,131)
Realized gain on sales		62,495
Change in fair value		(14,364)
Balance, December 31, 2016 and September 30, 2017	$	-

During the year ended December 31, 2016, the Company sold its remaining 75,000 common shares of NexGen Energy Ltd. for aggregate gross proceeds of $102,131 and recognized a gain on sale of marketable securities of $62,495.

5. MINERAL PROPERTIES

	Crownpoint and Hosta Butte	Marquez and Nose Rock, New Mexico	Moonshine Springs, Arizona	Other properties	Total
Balance, December 31, 2015	$ 3,070,795	$ 503,915	$ 197,185	$ 175,276	$ 3,947,171
Exploration costs:					
Maintenance fees	-	75,083	24,829	61,024	160,936
Currency translation adjustment	(87,805)	(16,560)	(6,604)	(4,812)	(115,781)
Balance, December 31, 2016	$ 2,982,990	$ 562,438	$ 215,410	$ 231,488	$ 3,992,326
Exploration costs:					
Maintenance fees	-	127,000	37,486	137,833	302,319
Currency translation adjustment	(224,382)	(45,773)	(17,336)	(20,332)	(307,823)
Balance, September 30, 2017	$ 2,758,608	$ 643,665	$ 235,560	$ 348,989	$ 3,986,822

Energy Fuels Agreement

During the year ended December 31, 2015, the Company entered into a comprehensive asset purchase agreement (“Agreement”) with Energy Fuels Inc. and its subsidiaries ("Energy Fuels") to acquire a Toll Milling processing right and a 100% interest in the Marquez and Nose Rock projects in New Mexico, the Moonshine Springs project in Arizona, and four projects in the White Canyon District of Utah. Terms of the Agreement include the payment of USD$179,960 ($249,748) in cash at closing (paid) to Energy Fuels along with the issuance of 14.25 million of the Company’s common shares (issued at a fair value of $427,500). A final payment of USD$150,000 was due on June 4, 2016, which was extended by an amending agreement dated May 10, 2016. As per the amendment, the outstanding payment will accrue interest at a rate of 7% from June 4, 2016 until the date the fee is fully paid. During the period ended September 30, 2017, the Company paid USD$157,940 which includes the full balance of the principal outstanding and accrued interest of USD$7,940.

5. MINERAL PROPERTIES (cont'd)

Toll Milling Agreement

The Toll Milling provision of the Agreement allows the Company to process conventional uranium ore from the acquired projects at Energy Fuel's White Mesa mill in Blanding County, Utah. The agreement is for an initial period of two years with renewal provisions and contains industry-standard provisions.

Marquez, New Mexico

The Marquez project consists of private mineral leases located in McKinley and Sandoval counties of New Mexico.

Nose Rock, New Mexico

The Nose Rock Project is located in McKinley County, New Mexico, on the northern edge of the Grants Uranium District. The Nose Rock property consists of 42 owned unpatented lode mining claims.

Moonshine Springs, Arizona

The Moonshine Springs project is located in Mohave County, Arizona. The project comprises 23 owned unpatented lode mining claims along with 7 unpatented lode mining claims under lease.

Other Properties

The White Canyon District, Utah property package includes the Geitus, Blue Jay, Marcy Look, and Cedar Mountain projects, which are located 40-65 miles to the northwest of the White Mesa Mill at Blanding County, Utah.

Crownpoint and Hosta Butte Properties

In June 2012, the Company filed a National Instrument ("NI") 43-101 Technical Report containing an updated resource estimate covering the Company's Crownpoint and Hosta Butte Project (the "Project") located in the Grants Uranium District of McKinley County, New Mexico.

The Company owns a 100% interest in the approximately 113,000 acre McKinley properties and a 60% - 100% interest in the adjacent 3,020 acre Crownpoint and Hosta Butte properties, all of which are located in McKinley County, New Mexico. The Company holds a 60% in a 140 acre portion of a certain section at Crownpoint. The Company owns a 100% interest in the rest of the Crownpoint and Hosta Butte project area (2,880 acres), subject to a 3% gross profit royalty on uranium produced.

(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	September 30, 2017	December 31, 2016
Trade payables	$ 92,521	$ 103,060
Payable for asset purchase agreement (Note 5)	-	202,007
Total	$ 92,521	$ 305,067

7. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited common and preferred shares without par value.

During the period ended September 30, 2017, the Company closed a private placement for an aggregate of $2,400,000 comprised of 40,000,000 units at a price of $0.06 per unit. Each unit consists of one common share (the "Shares") and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of $0.10 for a period of three years from the date of issue of the warrants. The warrants may be accelerated under certain terms if the stock closes for 20 business days at $0.80 or more. In connection with the financing, the Company paid $161,563 of cash share issuance costs and granted 1,516,667 finders' warrants ("Finder's Warrant) fair valued at $167,672. Each Finder's Warrant is exercisable for the purchase of one unit (a "Finder Unit") of the Company for a period of three years at an exercise price of $0.06 per Finder Unit. Each Finder Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole such warrant, a "Finder's Unit Warrant"), with each Finder's Unit Warrant being exercisable into one common share of the Company for a period of three years from the original date of issuance of the Finder's Warrant, at a price of $0.10 per share.

Stock options

The Company has adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan shall not exceed 10% of the outstanding common shares at the time of the grant. The options can be granted for a maximum of five years and vest as determined by the board of directors.

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (cont'd)

Stock options (cont'd)

The Company's stock options outstanding as at September 30, 2017 and December 31, 2016, and the changes for the periods then ended, are as follows:

	Outstanding Options	Weighted Average Exercise Price	Weighted Average Life (years)
Balance, December 31, 2015	4,469,167	$ 0.17	3.18
Granted	950,000	0.05	
Forfeited/expired	(1,174,167)	0.52	
Balance, December 31, 2016	4,245,000	$ 0.05	2.95
Granted	505,000	0.10	
Balance, September 30, 2017	4,750,000	$ 0.06	2.68
Exercisable, September 30, 2017	4,007,500		

As at September 30, 2017, incentive stock options were outstanding as follows:

Outstanding Options	Exercise Price	Expiry Date
25,000	$ 0.45	December 7, 2017
2,795,000	$ 0.05	December 19, 2019
475,000	$ 0.05	December 31, 2019
950,000	$ 0.05	January 6, 2021
505,000	$ 0.10	May 11, 2022
4,750,000		

During the period ended September 30, 2017, the Company recognized stock option expense of $6,490 for the vested portion of the stock options previously granted in fiscal 2016.

During the period ended September 30, 2017, the Company granted 505,000 options with an exercise price of $0.10. The options vest 25% every six months commencing six months after the grant date. During the year ended December 31, 2016, the Company granted 950,000 options with an exercise price of $0.05. The options vest 25% every six months commencing six months after the grant date.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2017	2016
Risk-free interest rate	1.03%	0.66%
Expected life of option	5.00 years	5.00 years
Expected dividend yield	0%	0%
Expected stock price volatility	159.74%	147.13%
Fair value per option	$0.07	$0.03

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (cont'd)

Share purchase warrants

The Company's share purchase warrants outstanding as at September 30, 2017 and December 31, 2016, and the changes for the periods then ended, are as follows:

	Outstanding Warrants	Weighted Average Exercise Price	Weighted Average Life (years)
Balance, December 31, 2016 and 2015	-	$ -	-
Granted	21,516,669	0.10	
Balance, September 30, 2017	21,516,669	$ 0.10	2.38

As at September 30, 2017, share purchase warrants were outstanding as follows:

Outstanding Warrants	Exercise Price	Expiry Date
20,000,002	$ 0.10	February 15, 2020
1,516,667	0.06	February 15, 2020*
21,516,669		

* These finders' warrants are exercisable into units comprising of a common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at the price of $0.10 per share until February 15, 2020.

During the period ended September 30, 2017, the Company granted 1,516,667 (2016 – Nil) finders' warrants with an initial fair market value of $167,672 (2016 - $Nil) or $0.11 (2016 - $Nil) per warrant which was recorded as share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the finders' warrants:

	2017	2016
Risk-free interest rate	0.97%	-
Expected life of warrant	3.00 years	-
Expected dividend yield	0%	-
Expected stock price volatility	182.01%	-
Fair value per warrant	$0.11	-

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2017, the Company incurred $56,101 (2016 - $59,524) in staff costs for the Chief Executive Officer and $22,500 (2016 - $22,500) in general and administrative fees for the Chief Financial Officer. As at September 30, 2017, the Company owed the Chief Executive Officer $130,768 (December 31, 2016 - $80,803). As at September 30, 2017, the Company owed the Chief Financial Officer $Nil (December 31, 2016 - $2,625).

These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities.

Key management includes Directors and Officers of the Company. The compensation paid or payable to key management for services during the periods ended September 30, 2017 and 2016 is as follows:

		2017		2016
Staff costs	$	56,101	$	59,524
Stock option expense		3,757		18,904
Office and administration fees		22,500		22,500
Total key management compensation	$	82,358	$	100,928

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to support the exploration and evaluation of its mineral properties and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, and acquire or dispose of assets.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the period ended September 30, 2017. The Company is not subject to any capital requirements imposed by a regulator.

10. FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

Level 1- Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Values based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Values based on prices or valuation techniques that are not based on observable market data.

The fair value of cash and available for sale securities are measured at Level 1 of the fair value hierarchy. The fair value of receivables, accounts payable and accrued liabilities, and amounts due to related parties approximates fair value due to the short term nature of the financial instruments. The Company classified its receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure, but has no hedge positions.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and due to related parties that are denominated in US dollars. At September 30, 2017, a 10% change in the value to the US dollar as compared to the Canadian dollar would affect net loss and shareholders' equity by approximately $21,000.

Credit Risk

Credit risk arises from cash held with banks and financial institutions and receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company's cash is primarily held with a major Canadian bank.

Market Risk

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration.

Interest Rate Risk

Interest rate risk mainly arises from the Company's cash, which receives interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible.

10. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The majority of the Company's accounts payable and accrued liabilities are payable in less than 90 days. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing.

11. SEGMENTED INFORMATION

The Company operates in a single segment: the acquisition and exploration of mineral properties in the United States. The Company's mineral properties and equipment are located in the United States.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the period ended September 30, 2017 include the following:

a) Issued 1,516,667 finders' warrants valued at $167,672 related to the private placement.

There were no significant non-cash transactions for the period ended September 30, 2016.