CONDENSED INTERIM FINANCIAL STATEMENTS OF

FIRST COBALT CORP.

(FORMERLY AURGENT RESOURCE CORP.)

FOR THE NINE MONTHS ENDED DECEBMER 31, 2016
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 unaudited condensed 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 condensed interim financial statements of First Cobalt Corp. (formerly Aurgent Resource Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 (UNAUDITED)

(Expressed in Canadian Dollars)

		DECEMBER 31 2016		MARCH 31, 2016
ASSETS				
Current Assets				
Cash	$	555,188	$	3,815
Receivables (note 4)		10,796		2,637
Promissory notes receivable (note 5)		220,000		-
		785,984		**6,452**
NON-CURRENT ASSETS				
Exploration and evaluation assets (note 6)		493,237		328,274
TOTAL ASSETS	**$**	**1,279,221**	**$**	**334,726**
LIABILITIES				
Current Liabilities				
Accounts payable (note 10)	$	554,757	$	223,479
Accrued liabilities (note 10)		8,000		7,000
Due to related party (note 11)		13,750		133,785
Loan payable		-		31,270
	$	**576,507**	**$**	**395,534**
SHAREHOLDERS' EQUITY				
Share capital (note 7)	$	2,392,277	$	1,628,749
Share subscriptions received in advance		-		12,500
Reserves (notes 8 and 9)		955,248		200,000
Deficit		(2,644,811)		(1,902,057)
TOTAL EQUITY		**702,714**		**(60,808)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,279,221**	**$**	**334,726**

Nature and continuance of operations (note 1)
Subsequent events (note 16)

Approved on behalf of the Board of Directors on February 27, 2017

"Signed – Bryan Slusarchuck"
Director

"Signed – Kevin Ma"
Director

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016 AND 2015 (UNAUDITED)

(Expressed in Canadian Dollars)

	THREE MONTHS ENDED DECEMBER 31, 2016	THREE MONTHS ENDED DECEMBER 31, 2015	NINE MONTHS ENDED DECEMBER 31, 2016	NINE MONTHS ENDED DECEMBER 31, 2015
OPERATING EXPENSES				
Consulting and management fees (note 11)	$ 163,188	$ 8,400	$ 177,964	$ 25,200
General and administrative	19,801	9,179	42,883	40,127
Investor relations	396,812	-	396,812	-
Share-based payments (note 9)	91,971	-	91,971	-
Professional fees	34,135	250	33,124	3,390
	705,907	**17,829**	**742,754**	**68,717**
Net loss and comprehensive loss for the period	**$ (705,907)**	**$ (17,829)**	**$ (742,754)**	**$ (68,717)**
Loss per share (note 15)				
Basic	**$(0.03)**	$(0.01)	**$(0.07)**	$(0.01)
Diluted	**$(0.02)**	$(0.01)	**$(0.03)**	$(0.01)

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

(Expressed in Canadian Dollars)

	THREE MONTHS ENDED DECEMBER 31, 2016	THREE MONTHS ENDED DECEMBER 31, 2015	NINE MONTHS ENDED DECEMBER 31, 2016	NINE MONTHS ENDED DECEMBER 31, 2015
Cash Flows used in Operating Activities				
Net loss	$ (705,907)	$ (17,829)	$ (742,754)	$ (68,717)
Items not affecting cash from operations				
Share-based payments	91,971		91,971	
	$ (613,956)	$ (17,829)	$ (650,803)	$ (68,717)
Changes in non-cash working capital				
Decrease/(Increase) in receivables	(10,796)	838	(8,159)	2,987
Increase/(Decrease) in accounts payables	308,167	19,102	333,278	67,767
Increase/(Decrease) in accrued liabilities	(28,478)	-	(1,000)	(5,000)
Increase/(Decrease) in due to related parties	(7,250)	-	(120,035)	-
Increase/(Decrease) in promissory notes receivable	(220,000)	-	(220,000)	-
Increase/(Decrease) in loan payable		-	(31,270)	-
	$ (572,293)	$ 2,111	$ (697,969)	$ (2,963)
Cash Flows used in Investing Activities				
Exploration and evaluation assets expenditures	$ -	$ (4,500)	$ (164,963)	$ (13, 500)
	$ -	$ (4,500)	$ (164,963)	$ (13, 500)
Cash Flows from Financing Activities				
Proceeds from exercise of warrant	21,000		21,000	
Issuance of shares for cash	828,305	-	1,393,305	20,270
	$ 849,305	$ -	$ 1,414,305	$ 20,270
Changes in Cash during the period	277,012	(2,389)	551,373	3,807
Cash – Beginning of period	278,176	12,773	3,815	6,577
Cash – End of period	**$ 555,188**	**$ 10,384**	**$ 555,188**	**$ 10,384**

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance – March 31, 2015	4,757,750	$ 1,653,749	$ 200,000	$ (1,754,112)	$ 99,637
Share subscriptions received in advance	-	(12,500)	-	-	(12,500)
Shares issued for exploration and evaluation asset	-	-	-	-	-
Net loss for the year	-	-	-	(147,945)	(147,945)
Balance – March 31, 2016	**4,757,750**	**$ 1,641,249**	**$ 200,000**	**$ (1,902,057)**	**$ (60,808)**
Shares issued cash	17,550,000	1,465,000		-	1,465,000
Share issuance costs		(724,469)	652,774	-	(71,695)
Shares issued on exercise of warrants	350,000	36,573	(15,573)	-	21,000
Share based payments	-	-	91,971	-	91,971
Net loss for the period	-	-	-	(742,754)	(742,754)
Balance – December 31, 2016	**22,657,750**	**$ 2,392,277**	**$ 955,248**	**$ (2,644,811)**	**$ 702,714**

1. Nature and continuance of operations

First Cobalt Corp. (formerly Aurgent Resource Corp.) ("First Cobalt" or the "Company") was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia (the "Act") in the business of the acquisition and exploration of resource properties. The Company's common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "FCC".

On July 5, 2012, the Company entered into an arrangement agreement (the "Arrangement Agreement"), a property purchase agreement (the "Purchase Agreement") and a Farm-out Agreement (the "Farm-out Agreement") with Unity Energy Corp. ("Unity"), which resulted in a spinout of Unity's interest in its Dickens Lake Property (the "Property") to the Company (Note 6). The Arrangement Agreement was approved on October 2, 2012 and the Company's shares commenced trading on the TSX Venture Exchange under the symbol "AUR".

The Company's registered and records office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

2. Significant accounting policies and basis of presentation

Basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on an historical cost basis, except for financial instruments, which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. All financial instruments must be recognized, initially, at fair value on the statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired.

The Company had made the following classification of its financial instruments:

Financial assets or liabilities	Measure category under IAS 39
Cash	Held for trading
Accounts receivables	Loans and receivables
Trade and other payables	Other liabilities
Loan payables	Loans and receivables

Financial instruments measures at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

Cash is included in level one and is measured at fair value. The Company has no other financial instruments measured at fair value.

Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

2. Significant accounting policies and basis of preparation (cont'd)

Mineral property interests (cont'd)

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements. Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the

excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds its estimated net realizable value or value in use, an impairment provision is recorded.

Exploration costs renounced to shareholders pursuant to flow-through share subscription agreements remain capitalized, however, for income tax purposes the Company has no right to claim these costs as tax deductible expenses.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

(ii) Non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed above.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from contributed surplus.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The

Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants, except where there is a related flow-through share premium, as detailed in the next paragraph. Any fair value attributed to the warrants is recorded as contributed surplus.

Common shares, which by agreement are designated as flow-through shares, are usually issued at a premium to non-flow-through common shares. On issue, share capital is increased by only the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability. Pursuant to any flow-through share agreement the Company must renounce its flow-through share exploration expenditures to the flow-through shareholders, and the Company gives up its rights to the income tax benefits on the exploration expenditures. The loss of the tax benefit is recorded as a deferred tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing the exploration expenditures, the realization of the deductible temporary differences is shown as a recovery in profit or loss in the period of renunciation.

Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to officers, directors, consultants and related company employees to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest. Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payment transactions (cont'd)

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. On vesting, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed and charged to deficit.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the future decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as

soon as the obligation to incur such costs arises. Discount rates, using a pretax rate that reflect the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each period-end, for the unwinding of the discount rate, for changes to the current market-based discount rate and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interest.

Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

2. Significant accounting policies and basis of preparation (cont'd)

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all dilutive potential common shares related to outstanding stock options and warrants issued by the Company.

Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and 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.

Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Judgments

(i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting period, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) The determination of deferred tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(iii) These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations for future events that are believed to be reasonable under the circumstances.

If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

3. Recently adopted accounting standards and accounting standards issued but not yet effective

IAS 24 Related Party Disclosures
Amendments to IAS 24 Related Party Disclosures expand the definition of a related party to include a management entity and related disclosures of transactions with a management entity. The amendments are effective annual periods beginning on or after July 1, 2014.

The Company is currently assessing the impact these standards and amendments may have on its financial statements.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018.

IFRS 11 Joint Arrangements
Amendments to IFRS 11 Joint Arrangements clarify the accounting for acquisitions of interests in joint operations. The amendments are effective for annual period beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers, which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018.

IFRS 16 - Leases
This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets clarify acceptable methods of depreciation and amortization. The amendments are effective for annual periods beginning on or after January 1, 2016.

The Company is currently assessing the impact these standards and amendments may have on its financial statements.

4. Receivables

The Company's receivables consist of GST receivable due from the Government of Canada and interest accrued on short-term investments.

5. Promissory notes receivables

During the nine months ended December 31, 2016, the Company entered into three promissory note agreements to loan $85,000, $80,000 and $55,000, respectively, totaling $220,000, to unrelated third parties. These loans are unsecured, non-interest bearing and due on demand. As at December 31, 2016, the balance of promissory notes receivable is $220,000 (March 31, 2016 – $nil).

(Expressed in Canadian Dollars, except per share amounts)

6. Exploration and evaluation assets

Property		Balance – March 31, 2016		Acquisition Costs		Exploration expenditures	Write-Down		Balance – December 31, 2016
Dickens Lake	$	328,274	$	168,000	$	(3,037)	-	$	493,237
Brabant Lake		-		-			-		-
McLennan Lake		-		-		-	-		-
Eisler Lake		-		-		-	-		-
Fond du Lac		-		-		-	-		-
Brown Lake		-		-		-	-		-
	$	**328,274**	**$**	**168,000**	**$**	**(3,037)**	**-**	**$**	**493,237**

(a) Dickens Lake Property

Pursuant to the Arrangement Agreement (Note 1), the Company acquired a 100% interest in the Dickens Lake Property, located in Saskatchewan, Canada. As consideration, the Company issued 3,182,750 common shares to Unity, with a fair value of $1,466,749. The fair value of the common shares was equal to Unity's carrying value of the Dickens Lake Property. The Company also received a cash payment of $200,000 from Unity, which has been recorded in reserves.

Pursuant to the Farm-out Agreement, the Company transferred a 10% interest in the Dickens Lake Property to Unity, and received a cash payment of $205,000 from Unity, to be expended on exploration and development work, which has been applied against the carrying value of the Dickens Lake Property.

The Dickens Lake Property is subject to a 2% net smelter royalty ("NSR"), which may be purchased by the Company for $1,500,000.

On June 2, 2015, the Company allowed the reduction of the following claims for the Company's Dickens Lake Property due to cash conservation purposes and a lack indicated resources:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111354	1,181	S-113940	274
S-112212	2,164	S-113941	56
S-112210	1,464	S-113942	699
S-112211	1,250	S-113943	440

None of these claims will have any effect on the existing property purchase agreement for the Dickens Lake Property with Unity Resource Corp.

During the year ended March 31, 2016, the Company recorded $Nil (2015 - $969,475) in impairment changes associated with the Dickens Lake Property. The 2015 impairment changes were recognized as a result of June 2, 2015 claim reductions.

During the nine months ended December 31, 2016, the Company purchased 1.5% of the 2% NSR under the Dickens Lake Property for $168,000.

During the nine months ended December 31, 2016, the Company incurred $Nil (2015 - $4,500) in exploration expenditures on the Dickens Lake Property.

6. Exploration and evaluation assets (cont'd)

(b) Brabant Lake Property

The Company terminated this option agreement in fiscal 2014 and all costs associated with the Property were written off.

(c) McLennan Lake Property

The Company terminated this option agreement in fiscal 2014 and all costs associated with the Property were written off.

(d) Eisler Lake Property

The Company terminated this option agreement in fiscal 2014 and all costs associated with the Property were written off.

(e) Fond du Lac Property

On January 21, 2014, as approved by the TSX-V on February 5, 2014, the Company entered into an option agreement to earn a 100% interest in the Brown Lake Property, located in Saskatchewan, Canada, for the following consideration:

- Issuance of 400,000 common shares within 5 days of TSX-V approval (issued, with a fair value of $32,000) within 5 days of TSX-V approval;
- $1,500,000 completed in exploration expenditures on or before January 21, 2017.

During the year ended March 31, 2016, the Company wrote off the property as it does not plan on developing the claims.

(f) Brown Lake Property

On February 12, 2014, as approved by the TSX-V on February 20, 2014, the Company entered into an option agreement to earn a 100% interest in the Brown Lake Property, located in Saskatchewan, Canada, for the following consideration:

- Issuance of 400,000 common shares within 5 days of TSX-V approval (issued, with a fair value of $28,000) within 5 days of TSX-V approval;
- $500,000 completed in exploration expenditures on or before February 12, 2017.

During the year ended March 31, 2016, the Company wrote off the property as it does not plan on developing the claims.

(Expressed in Canadian Dollars, except per share amounts)

7. Share capital

(a) Authorized share capital

Unlimited number of common shares without par value

(b) Issued share capital

During the nine months ended December 31, 2016, the Company issued common shares as follows:

(i.) On December 1, 2016, the Company issued 350,000 common shares on exercise of warrants.

(ii.) On November 3, 2016, the Company entered into a non-brokered private placement for 6,000,000 common shares for a total of $900,000 in gross proceeds at a price of $0.15 per share. Share issuance costs includes finders' fees of $61,090 and legal and regulatory costs $10,605.

(iii.) On September 13, 2016, the Company entered into a non-brokered private placement for 10,000,000 units for a total of $500,000 in gross proceeds at a price of $0.05 per unit. Each unit consists of 1 common share and one share purchase warrant. Each warrant will be exercisable at a price of $0.10 for five years.

(iv.) On May 3, 2016, the Company entered into a non-brokered private placement for 1,550,000 units for a total of $77,500 in gross proceeds at a price of $0.05 per unit. Each unit consists of 1 common share and one share purchase warrant. Each warrant will be exercisable at a price of $0.06 for five years.

There were no share capital transactions during the year ended March 31, 2016.

Reserves

The reserves account records items of capital donated to the Company recognized as stock-based compensation expense and other share-based payments. During the year ended March 31, 2013, the Company received a cash payment of $200,000 from Unity, which has been recorded in reserves (Note 6).

8. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise	Expiry
Balance – March 31, 2016 and 2015	-	-	
Issuance of warrants	$0.06	1,550,000	May 31, 2021
Issuance of warrants	$0.10	10,000,000	September 13, 2021
Balance – December 31, 2016	$0.08	11,550,000	

During the nine months ended December 31, 2016, the Company issued 11,550,000 share purchase warrants and recorded a total fair value of $684,281 (note 7(b)(iii.) and (iv.))

The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 0.68% to 0.70% (2015 – nil% to nil%), an expected life of 5 year (2015 – nil years), an expected volatility of 79.87% to 80.41% (2015 – nil% to nil%), and no expected dividends (2015 – nil). The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information.

(Expressed in Canadian Dollars, except per share amounts)

9. Stock Options

The Company adopted a stock option plan (the “Plan”) whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – March 31, 2016 and 2015	-	-	$ -
Stock options granted	$0.31	1,875,000	132,026
Balance – December 31, 2016	$0.31	1,875,000	$ 132,026

During the three and nine months ended December 31, 2016, the Company granted 1,050,000 and1,875,000 (2015 – nil and nil) incentive stock options to employees, consultants, and directors. The options may be exercised within 10 years from the date of grant at a price of ranging from $0.25 to $0.38 per share. All outstanding options have vesting periods of up to 2 years.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of ranging from 0.57% to 64% per annum (2015 – nil% to nil%), an expected life of options of 5 years (2015 – nil years), an expected volatility ranging from 80.10% to 87.47% (2015 – nil% to nil%), and no expected dividends (2015 – nil).

Incentive share options outstanding and exercisable December 31, 2016 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$0.25	825,000	3.63	$0.25	581,250	$0.25
$0.35	500,000	4.96	$0.35	500,000	$0.35
$0.38	550,000	4.98	$0.38	550,000	$0.38
	1,875,000	4.38	$0.31	1,631,250	$0.31

(Expressed in Canadian Dollars, except per share amounts)

10. Trade and other payables

	DECMEBER 31, 2016	MARCH 31, 2016
Trades payable	$ 568,507	$ 223,479
Accrued liabilities	8,000	7,000
	$ 576,507	**$ 230,479**

11. Related party transactions

The Company had the following transactions with key management personnel:

	DECEMBER 31, 2016	DECEMBER 31, 2015
Consulting fees paid to a common director	5,250	2,700
Consulting fees paid to a company controlled by a common director	-	13,500
Management fees paid to a common director	4,725	22,500
Office services paid to a company controlled by a common director	4,200	25,000
	$ 14,175	**$ 63,700**

At December 31, 2016, an amount of $Nil (December 31, 2015 - $4,500) was owing to a director of the Company and an amount of $Nil (December 31, 2015 - $28,800) was owing to a Company controlled by a common director. An amount of $13,750 (December 31, 2015 - $85,000) was owing to the President of the Company. An amount of $Nil (December 31, 2015 - $10,000) was loaned to the company from the President of the Company. The loan carries and interest rate of 10% per annum and is due on demand. An amount of $Nil (December 31, 2015 - $94,500) was owing to a company controlled by a common director of the Company. These amounts were unsecured, non-interest bearing and have no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount established and agreed to by the related parties.

12. Capital management

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future acquisition, exploration and development of exploration and evaluation assets. 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 is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for future general and administrative expenses, the Company expects to raise additional amounts through related parties, advances or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the nine months ended December 31, 2016.

13. Financial risk

Fair value
The Company's financial instruments consisted of cash and short-term investments. The fair values of cash and short-term investments approximate their carrying values because of their current nature.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and short-term investments which are being held in bank accounts. The cash and short-term investments are deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by

Credit risk (cont'd)
using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company has secondary exposure to risk on its sales tax receivables. The risk is minimal since it is recoverable from the Canadian government.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and short-term investments at variable rates. The risk is minimal.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as high.

14. Segmented information

The Company has one operating segment which is exploration and development of a mineral property interest in the Province of Saskatchewan.

(Expressed in Canadian Dollars, except per share amounts)

15. Loss Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended December 31, 2016 and 2015:

	THREE MONTHS ENDED DECEMBER 31, 2016	THREE MONTHS ENDED DECEMBER 31, 2015	NINE MONTHS ENDED DECEMBER 31, 2016	NINE MONTHS ENDED DECEMBER 31, 2015
Numerator				
Net loss for the period	$ (705,907)	$ (17,829)	$ (742,754)	$ (68,717)
Denominator				
For basic – weighted average number of shares outstanding	20,204,489	4,757,750	11,231,205	4,757,750
Effect of dilutive securities –				
Incentive share options	1,875,000	-	1,875,000	-
Share purchase warrants	11,250,000	-	11,250,000	-
For diluted – adjusted weighted average number of shares outstanding	33,329,489	4,757,750	24,356,205	4,757,750
Loss per Shares				
Basic	$ (0.03)	$ (0.01)	$ (0.07)	$ (0.01)
Diluted	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.01)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the three and nine months ended December 31, 2016 and 2015. For the three and nine months ended December 31, 2016, there were 1,875,000 and 1,875,000, stock options, respectively and 11,250,000 share purchase warrants included in the weighted average number of common shares outstanding during the period as they were dilutive since the average fair market value of the common shares exceeded the exercise price of the stock options and share purchase warrants for the period.

16. Subsequent events

The following reportable events occurred from the date of the period ended December 31, 2016 to the date the condensed interim financial statements were authorized for issuance by the Board of Directors on February 27, 2017:

(a) On January 23, 2017, the Company completed the acquisition of Cobalt Industries of Canada Inc. (“Cobalt Industries) by issuing 6,900,00 common shares for 100% for all of the outstanding share capital of Cobalt Industries. Cobalt Industries holds the “South Lorraine Cobalt” claim group, which consists of 17 claim blocks covering an area of 1,850 hectares or 19.50 square kilometers. The claim group is located in the former mining camp of Silver Centre, Ontario, Canada, 25 kilometers south of the historical Cobalt, Ontario silver camp and 400 kilometers north of Toronto, Canada. The claim group is located adjacent to the former producing Keely Frontier Mine in South Lorrain Township, Ontario.

(b) Subsequent to December 31, 2016, the Company issued 200,000 stock options and 672,500 common shares on exercise of warrants.