



(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

**(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)**

Six Months Ended June 30, 2017 and 2016

Corporate Head Office

1750-700 West Pender Street
Vancouver, British Columbia
Canada
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if any 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 condensed interim financial statements 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 Condensed Interim Financial Statements.

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

June 30, 2017 and 2016

<u>INDEX</u>	<u>Page</u>
Condensed Interim Financial Statements	
Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Operations and Comprehensive Loss	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Statements of Cash Flows	4
Notes to Condensed Interim Financial Statements	5-12

BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,610,987	\$ 10,559,915
Accounts receivable	16,549	29,904
Input tax credits receivable	291,071	310,224
Marketable securities (Note 3)	283,780	339,301
Prepaid expenses	170,824	144,414
	6,373,211	11,383,758
Property, plant and equipment	49,916	40,101
Exploration and evaluation assets (Note 4)	57,716,828	53,583,755
	\$ 64,139,955	\$ 65,007,614
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 408,026	\$ 188,728
Flow-through share premium liability (Note 8)	112,940	593,282
	520,966	782,010
Deferred income tax liability	7,065,247	6,300,080
	7,586,213	7,082,090
Shareholders' equity		
Capital stock (Note 5)	74,017,786	74,017,786
Share-based payment reserve	9,210,276	8,099,617
Warrant reserve	297	297
Accumulated other comprehensive income (loss) (Note 3)	121,838	140,056
Deficit	(26,796,455)	(24,332,232)
	56,553,742	57,925,524
	\$ 64,139,955	\$ 65,007,614

Approved on behalf of the Directors:"Bryan Disher"
Bryan Disher

Director

"Graeme Currie"
Graeme Currie

Director

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

BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
EXPENSES				
Consulting fees (Note 7)	\$ 17,870	\$ 12,360	\$ 39,250	\$ 24,720
Depreciation	2,159	1,384	4,318	1,957
Filing and transfer agent's fees	15,940	17,042	101,118	100,524
Office and miscellaneous	35,603	59,986	83,979	105,058
Professional fees	64,151	34,306	140,166	71,722
Rent	28,520	45,848	57,870	76,710
Salaries and benefits (Note 7)	150,384	135,325	342,442	277,127
Share-based payments (Notes 6 and 7)	-	14,616	1,110,659	589,067
Shareholder communication	199,899	117,384	330,877	243,577
Travel and related costs	6,064	14,952	10,830	22,659
Loss before other items	(520,590)	(453,203)	(2,221,509)	(1,513,121)
Other items				
Interest income	13,958	17,863	33,158	38,736
Gain on sale of marketable securities (Note 3)	-	34,265	13,255	66,341
Foreign exchange gain (loss)	(2,111)	583	(4,302)	(5,619)
Loss before income taxes	(508,743)	(400,492)	(2,179,398)	(1,413,663)
Deferred income tax recovery (expense) (Note 8)	(154,164)	488,113	(284,825)	686,039
Net income (loss) for the period	(662,907)	87,621	(2,464,223)	(727,624)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net loss:				
Fair value adjustment on marketable securities (Note 3)	(36,824)	55,601	(18,218)	149,452
Comprehensive income (loss) for the period	\$ (699,731)	\$ 143,222	\$ (2,482,441)	\$ (578,172)
Basic and diluted loss per share	\$ (0.01)	\$ 0.00	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding				
Basic	125,499,167	117,818,178	125,499,167	117,723,672

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

BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Share-based payment reserve	Warrant reserve	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, December 31, 2016	125,499,167	74,017,786	8,099,617	297	140,056	(24,332,232)	57,925,524
Share-based payments (Note 6)	-	-	1,110,659	-	-	-	1,110,659
Net loss for the period	-	-	-	-	-	(2,464,223)	(2,464,223)
Fair value adjustment on marketable securities	-	-	-	-	(18,218)	-	(18,218)
Balance, June 30, 2017	125,499,167	\$ 74,017,786	\$ 9,210,276	\$ 297	\$ 121,838	\$ (26,796,455)	\$ 56,553,742

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

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
Six Months Ended June 30

	2017	2016
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,464,223)	\$ (727,624)
Items not affecting cash:		
Depreciation	4,318	1,957
Share-based payments (Note 6)	1,110,659	589,067
Gain on sale of marketable securities	(13,255)	(66,341)
Deferred income tax expense (recovery)	284,825	(686,039)
Changes in non-cash working capital items:		
Accounts receivable	(7,965)	(5,615)
Input tax credits receivable	19,153	56,264
Prepaid expenses	(26,410)	(49,076)
Accounts payable and accrued liabilities	(83,933)	(38,620)
Net cash used in operating activities	(1,176,831)	(926,027)
FINANCING ACTIVITIES		
Shares issued for cash	-	7,318,751
Share issuance costs	-	(478,162)
Net cash provided by financing activities	-	6,840,589
INVESTING ACTIVITIES		
Investment in, advances to and expenditures on exploration and evaluation assets	(3,808,522)	(1,884,004)
Cash received from sale of marketable securities, net of commissions	50,558	196,112
Purchase of property, plant and equipment	(14,133)	(36,513)
Net cash used in investing activities	(3,772,097)	(1,724,405)
Decrease in cash and cash equivalents	(4,948,928)	4,190,157
Cash and cash equivalents, beginning of the period	10,559,915	9,173,010
Cash and cash equivalents, end of the period	\$ 5,610,987	\$ 13,363,167
Cash and cash equivalents consist of the following:		
Cash	\$ 1,102,970	\$ 1,170,999
Term deposits	4,508,017	12,192,168
	\$ 5,610,987	\$ 13,363,167
Supplemental cash flow information		
Accounts receivable related to exploration and evaluation assets	\$ 1,197	\$ 267,649
Accounts payable related to exploration and evaluation assets	\$ 344,792	\$ 533,075
Accrued liabilities related to share issuance costs	\$ -	\$ 108,367
Marketable securities received for property sale (Notes 3 and 4(a))	\$ -	\$ 202,434

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BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

1. NATURE AND CONTINUANCE OF OPERATIONS

Balmoral Resources Ltd. (the “Company” or “Balmoral”) is incorporated under the laws of British Columbia, Canada, and is primarily engaged in the acquisition and exploration of mineral properties. The address of its head office is 1750 – 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8. The Company is a publicly-traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “BAR”, on the OTCQX market in the United States under the symbol “BALMF” and on the Frankfurt Stock Exchange under the symbol “BOR”.

Balmoral is an exploration stage company focused on the acquisition and exploration of gold and other precious and base metal properties in Canada. The principal focus of the Company’s exploration activities is the properties comprising its Detour Trend Project in Quebec. The Project encompasses over 700 square kilometres of mineral claims located along and adjacent to the Sunday Lake (Detour) Deformation Zone.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized as exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and future profitable production or proceeds from the disposition of the properties.

The Company does not generate cash flows from operations to fund its activities, and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, 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 business. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations and financial condition.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of presentation**

These condensed interim financial statements have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”), as issued by the *International Accounting Standards Board* (“IASB”), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These interim financial statements do not include all information required for a complete set of IFRS statements. However selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended December 31, 2016.

BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) Significant accounting policies**

Except as set out below, the accounting policies, estimates and judgments, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the previous financial year. Accordingly, the interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

The following accounting pronouncements became effective on January 1, 2017 and were adopted by the Company from that date on a prospective basis. The adoption of these pronouncements had no effect on the Company's reported results.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes)

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

(c) Approval of financial statements

The Board of Directors approved these condensed interim financial statements for issue on August 14, 2017.

3. MARKETABLE SECURITIES**(a) GTA Resources and Mining Inc.**

As at June 30, 2017 and December 31, 2016 the Company held 2,601,555 common shares of GTA with a fair value of \$117,070 (December 31, 2016 - \$156,093). The Company classifies these shares as available-for-sale. The fair value adjustment on these securities for the period ended June 30, 2017 was an unrealized loss of \$39,024, which was recorded as other comprehensive income.

(b) Wealth Minerals Ltd.

As at December 31, 2016 the Company held 41,777 common shares of Wealth with a fair value of \$52,221. During the period ended June 30, 2017, the Company sold these shares for an average price of \$1.23 per share for gross proceeds of \$50,558, net of commissions of \$705, and realized a gain of \$13,255. The fair value adjustments on these securities for the period ended June 30, 2017 was an unrealized loss of \$14,918 (2016 - \$32,740), which was recorded as other comprehensive income.

(c) Wallbridge Mining Company Limited

As at June 30, 2017 and December 31, 2016 the Company held 2,381,575 common shares of Wallbridge with a fair value at June 30, 2017 of \$166,710 and at December 31, 2016 of \$130,987. The unrealized gain of \$35,724 was recorded as other comprehensive loss.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

4. EXPLORATION AND EVALUATION ASSETS

	Fenelon (Note 4(i)(a))	N2 (Note 4(ii)(a))	Martiniere (Note 4(i)(a))	Northshore (Note 4(iii)(a))	Detour East (Note 4(i)(b))	Grasset (Note 4(i)(c))	Others (Note 4(ii)(b))	Total
Balance, December 31, 2016	\$ 2,028,229	\$ 1,443,810	\$ 29,947,966	\$ 404,017	\$ 4,186,361	\$ 14,383,202	\$ 1,190,170	\$ 53,583,755
Acquisition costs								
Cash payments	-	-	-	-	-	-	128	128
Share issuances	-	-	-	-	-	-	-	-
Total acquisition costs	-	-	-	-	-	-	128	128
Deferred exploration costs:								
Assays	-	-	7,505	-	-	705	-	8,210
Claims management	538	538	6,042	538	538	760	3,975	12,929
Community relations	3,000	-	-	-	-	-	-	3,000
Drilling	32,843	588	3,616,142	600	50,159	307,342	2,345	4,010,019
Engineering	-	-	6,574	-	-	-	-	6,574
Geology	-	-	15,554	-	-	-	-	15,554
Geophysics	-	-	7,300	-	-	-	-	7,300
Project management	-	-	20,733	-	1,915	3,721	-	26,369
Property payments	4,210	-	9,974	841	-	19,544	-	34,569
Total deferred exploration costs	40,591	1,126	3,689,824	1,979	52,612	332,072	6,320	4,124,524
Total expenditures for the period	40,591	1,126	3,689,824	1,979	52,612	332,072	6,448	4,124,652
Cost recoveries	(1,140)	-	(10,785)	-	-	-	-	(11,925)
Quebec mining tax credit	1,815	17	5,225	-	87	12,657	545	20,346
Balance, June 30, 2017	\$ 2,069,495	\$ 1,444,953	\$ 33,632,230	\$ 405,996	\$ 4,239,060	\$ 14,727,931	\$ 1,197,163	\$ 57,716,828

BALMORAL RESOURCES LTD.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

4. EXPLORATION AND EVALUATION ASSETS (Continued)**(i). Properties along the Sunday Lake Deformation Zone, Quebec****(a) Fenelon and Martiniere, Quebec**

The Company owns 100% interests in each of the Fenelon and Martiniere properties.

There are certain net smelter return (“NSR”) royalties on the properties in favour of former property owners and payable on commencement of commercial production: 2% at Martiniere, and between 2% and 4% for Fenelon. Buyout provisions exist for certain portions of these royalties.

On May 24, 2016, the Company entered into a letter of intent to sell its Fenelon Mine Property, which comprised approximately 10% of its broader Fenelon Property prior to the sale, to Wallbridge. The Company retains a 1% NSR royalty on all future production from the Fenelon Mine property. The Company completed the sale of the Fenelon Mine Property in 2016.

(b) Detour East, Quebec

The Company owns a 100% interest in the Detour East Property, except for 18 claims, which are in a 63%/37% participatory joint venture with Encana Corp. and for which the Company is the operator.

There is a NSR of 2%, which relates to the entirety of the property, payable to a former property owner, which may be repurchased at any time for \$1,000,000 for the first 50% of the NSR interest and \$2,000,000 for the remainder.

(c) Grasset, Quebec

The Company owns a 100% interest in the Grasset Property acquired through staking. The Grasset property is located immediately east of and adjoins the Fenelon Property (Note 4(i)(a)). There are no underlying royalties on the Grasset Property.

(ii). Properties along the Casa Berardi Fault Zone, Quebec**(a) N2, Quebec**

The Company owns a 100% interest in the N2 property.

There are NSR royalties of 1% to 5% on the property in favour of former property owners and payable on commencement of commercial production. Buyout provisions exist for certain portions of these royalties.

(b) Hwy 810

The Company owns a 100% interest in the Hwy 810 Property, acquired by staking, which is located proximal to the producing Casa Berardi gold mine.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

4. EXPLORATION AND EVALUATION ASSETS (Continued)**(iii). Ontario, Thunder Bay Mining Division****(a) Northshore, Ontario**

As at June 30, 2017, the Company owns a 48.6% interest in the Northshore Property along with a similar interest in certain surface rights attached to the property. The Northshore Property mineral rights are underlain by a sliding-scale NSR to a third-party, which is adjusted to the contained number of ounces of gold outlined in a pre-production resource estimate.

On July 24, 2011, the Company and GTA entered into an option agreement whereby GTA was granted the exclusive right to acquire up to a 70% interest in the Northshore Property.

On July 14, 2014, GTA delivered a first option vesting notice to the Company and subsequently advised the Company that it would not be proceeding with a second option, which had been granted under the terms of the Option Agreement. Consequently a 51%/49% participatory contractual arrangement (joint venture) was formed with respect to the Northshore Property with GTA as the majority holder and project operator. As the Company does not have joint control over the operations, but retains an undivided interest to the property, the Company accounted for the disposal of its Northshore Property and the acquisition of this interest in Northshore by recognizing its share of the assets under the arrangement. At June 30, 2017, \$405,996 was the carrying value of the Northshore Property.

5. CAPITAL STOCK**(a) Common shares****Authorized**

An unlimited number of common shares without par value.

Share issuances

There was no share issuances during the period ended June 30, 2017.

BALMORAL RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

6. SHARE-BASED PAYMENTS**(a) Stock options**

Stock option transactions are summarized as follows:

	Period ended June 30, 2017		Year Ended December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	7,897,700	\$ 0.73	7,422,700	\$ 0.78
Granted	2,434,250	\$ 0.78	2,560,000	\$ 0.63
Expired	-	-	(1,335,000)	\$ (1.14)
Exercised	-	-	(750,000)	\$ 0.60
Balance, end of the period	10,331,950	\$ 0.74	7,897,700	\$ 0.73

The weighted average remaining contractual life of options outstanding at June 30, 2017 was 1.63 (December 31, 2016 – 2.63) years.

Stock options outstanding and exercisable are as follows:

Expiry date	June 30, 2017			December 31, 2016		
	Exercise price	Options outstanding	Options exercisable	Exercise price	Options outstanding	Options exercisable
February 6, 2018	\$ 1.05	1,807,700	1,807,700	\$ 1.05	1,807,700	1,807,700
January 23, 2019	\$ 0.60	2,855,000	2,855,000	\$ 0.60	2,855,000	2,855,000
February 5, 2019	\$ 0.61	300,000	300,000	\$ 0.61	300,000	300,000
December 23, 2019	\$ 0.90	150,000	150,000	\$ 0.90	150,000	150,000
June 18, 2020	\$ 0.77	360,000	360,000	\$ 0.77	360,000	270,000
March 14, 2021	\$ 0.60	1,900,000	1,900,000	\$ 0.60	1,900,000	1,900,000
November 7, 2021	\$ 0.90	175,000	175,000	\$ 0.90	175,000	175,000
December 23, 2021	\$ 0.70	350,000	350,000	\$ 0.70	350,000	350,000
March 2, 2022	\$ 0.78	2,434,250	2,434,250	\$ 0.78	-	-
		10,331,950	10,331,950		7,897,700	7,807,700

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(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

6. SHARE-BASED PAYMENTS (Continued)**(b) Share-based payments**

Share-based payment expense for the six months ended June 30, 2017 totalled \$1,110,659 (2016 - \$589,067). The weighted average fair value of stock options granted was estimated at \$0.45 (2016 - \$0.22) at the grant date using the Black-Scholes option pricing model and the following assumptions:

For the six months ended June 30,	2017	2016
Risk-free interest rate	1.17%	0.78%
Expected life of options	5 years	5 years
Expected annualized volatility	71%	71%
Expected dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%
Share price	\$0.78	\$0.55

Expected volatility is based on historical price volatility over the expected life of the option.

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the periods ended June 30, 2017 and 2016, the Company had the following transactions with related parties:

Key management compensation

Key management consists of senior officers and directors of the Company; their compensation is as follows:

	2017	2016
Short-term benefits (included in consulting fees and salaries and benefits and capitalized to mineral properties)	\$ 408,600	\$ 360,109
Share-based payments	677,189	379,084
	\$ 1,085,789	\$ 739,193

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(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the Company's flow-through share issuances:

Balance, December 31, 2015	1,820,585
Liability incurred on flow-through shares issued June 30, 2016	864,151
Settlement of flow-through share liability on incurring expenditures	(2,091,454)
<hr/>	
Balance, December 31, 2016	\$ 593,282
Settlement of flow-through share liability on incurring expenditures	(480,342)
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Balance, June 30, 2017	\$ 112,940

During the period ended June 30, 2017, the Company incurred \$4,004,496 of qualified flow-through funded exploration expenditures, which partially fulfilled its commitment under the flow-through financing on June 30, 2016. As at June 30, 2017, approximately \$1,117,000 remains to be incurred on qualifying expenditures during fiscal 2017. The Company intends to fulfill its flow-through commitments within the given time constraints.

9. CONTINGENT LIABILITIES

On June 30, 2016, the Company and the Company's president and CEO received 52 co-jointed statements of offence issued by the Ordre des Geologues du Quebec under Code des Professions pertaining to the use of certain Professional Geoscientists and registered Geologists in Training in preparation of five separate reports submitted by the Company to the Government of Quebec and signed by the Company's president.

The fine sought against the Company is \$156,000 (\$3,000 per offence) plus any court fees if granted by the court. The Company and the Company's president have recorded not guilty pleas and are vigorously defending themselves against the allegations. The Company has not recorded an accrual for the amount as at June 30, 2017.

10. SUBSEQUENT EVENT

On August 8, 2017, the Company announced a brokered private placement of flow-through financing pursuant to which the Agents have agreed to offer 4,225,000 national flow-through common shares of the Company (the "National FT Shares") at a price of \$0.71 per National FT Share for aggregate gross proceeds of \$2,999,750 (the "Offering"). In addition, the Company will grant the Agents an option (the "Over-allotment Option") to place up to an additional 633,750 National Flow-Through Shares (the "Over-Allotment Shares" and together with the Flow-Through Shares, the "Offered Securities"), exercisable in whole or in part, at any time prior to Closing. Closing of the Offering is subject to certain conditions. The Offered Securities will be subject to a four month hold period under applicable securities laws in Canada.

In consideration of the Agents' services, the Company has agreed to pay the Agents a cash commission of 5.0% of the gross proceeds of the Offering.