Redhawk Resources, Inc.

Condensed Consolidated Interim Financial Statements

Three Month Period Ended June 30, 2017 and 2016

(Unaudited – prepared by Management)

(Presented in Canadian Dollars)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company (as hereinafter defined) discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended June 30, 2017.

Redhawk Resources, Inc.
Condensed consolidated interim statements of financial position
(Presented in Canadian dollars - unaudited)

	Notes	June 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		$ 64,104	$ 162,461
Receivables and prepaid expenses	4	31,796	52,047
		95,900	214,508
Non-current assets			
Reclamation deposits		5,853	6,003
Property and equipment		264,085	276,771
		269,938	282,774
TOTAL ASSETS		**$ 365,838**	**$ 497,282**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	$ 483,376	$ 510,400
Current portion of long-term debt – property acquisition		324,425	332,750
Short term debt – notes payable	8	645,926	652,985
Convertible debentures	14	322,979	309,829
Derivative liability	14	13,891	25,558
		1,790,597	1,831,522
Non-Current liabilities			
Long-term debt - property acquisition	9	1,778,714	1,799,935
TOTAL LIABILIITES		**3,569,311**	**3,631,457**
SHAREHOLDERS' DEFICIT			
Share capital	10	49,903,304	49,903,304
Contributed surplus	10	11,509,152	11,509,152
Accumulated other comprehensive income	10	6,955,745	6,898,157
Deficit		(71,571,674)	(71,444,788)
TOTAL SHAREHOLDERS' DEFICIT		**(3,203,473)**	**(3,134,175)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$ 365,838**	**$ 497,282**

Nature of operations and going concern – Note 1

ON BEHALF OF THE BOARD:

Director: "Steven C. Bastable"

Director: "J. Stephen Barley"

See accompanying notes to the condensed consolidated interim financial statements.

Redhawk Resources, Inc.
Condensed consolidated interim statements of loss and comprehensive loss
(Presented in Canadian dollars - unaudited)

	Three month period ended June 30,	
	2017	2016
Expenses		
Filing fees	$ 13,772	$ 6,551
Insurance	7,087	4,000
Investor relations	-	554
Management and consulting fees	10,000	70,425
Office and sundry	19,992	10,070
Professional fees	27,739	25,136
Project costs, including interest	42,037	12,101
Rent	232	4,700
Share-based compensation	-	1,363
Transfer agents	4,268	2,066
Travel and accommodations	-	1,273
Total expenses	(125,127)	(138,239)
Interest expense	(8,609)	(6,794)
Foreign exchange gain	6,850	4,666
Management fee income	-	78,025
Mark to market adjustment on US dollar denominated warrants	-	278
Net loss for the period	**$ (126,886)**	**$ (62,064)**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	57,588	(133,080)
Total comprehensive income loss	**$ (69,298)**	**$ (195,144)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**
Weighted average number of common shares outstanding	**159,998,138**	**157,698,138**

See accompanying notes to the condensed consolidated interim financial statements.

Redhawk Resources, Inc.
Condensed consolidated interim statements of changes in equity (deficit)
(Presented in Canadian dollars - unaudited)

	Share capital				Contributed surplus		Accumulated other comprehensive income		Deficit		Total
	Number of shares		Amount								
Balance at March 31, 2016	157,698,138	$	49,779,279	$	11,507,060	$	6,665,344	$	(43,860,140)	$	24,091,543
Warrants	-		-		(792)		-		-		(792)
Share-based compensation	-		-		1,363		-		-		1,363
Currency translation adjustment	-		-		-		(133,080)		-		(133,080)
Loss for the year	-		-		-		-		(62,064)		(62,064)
Balance at June 30, 2016	**157,698,138**	**$**	**49,779,279**	**$**	**11,507,631**	**$**	**6,532,264**	**$**	**(43,922,204)**	**$**	**23,896,970**
Balance at March 31, 2017	**159,998,138**	**$**	**49,903,304**	**$**	**11,509,152**	**$**	**6,898,157**	**$**	**(71,444,788)**	**$**	**(3,134,175)**
Currency translation adjustment	-		-		-		57,588		-		57,588
Loss for the year	-		-		-		-		(126,886)		(126,886)
Balance at June 30, 2017	**159,998,138**	**$**	**49,903,304**	**$**	**11,509,152**	**$**	**6,955,745**	**$**	**(71,571,674)**	**$**	**(3,203,473)**

See accompanying notes to the condensed consolidated interim financial statements.

(Presented in Canadian dollars - unaudited)

	Three month period ended June 30, 2017	2016
Operating activities		
Loss for the period	$ (126,886)	$ (62,064)
Adjustments for non-cash items:		
Depreciation	5,969	5,756
Share-based payments	-	1,363
Interest expense	33,283	6,794
Changes in non-cash working capital items:		
Receivables and prepaid expenses	20,251	4,625
Trade payables and accrued liabilities	(22,009)	23,459
Net cash flows used in operating activities	(89,392)	(20,067)
Investing activities		
Investment in associate	-	52,017
activities	-	52,017
Financing activities		
Convertible debentures, net	-	2,847
Derivative liability	(11,667)	(6,393)
Net cash flows used in financing activities	(11,667)	(3,546)
Currency impact on cash and cash equivalents	2,702	1,549
Decrease in cash and cash equivalents	(98,357)	29,953
Cash and cash equivalents, beginning	162,461	31,266
Cash and cash equivalents, ending	**$ 64,104**	**$ 61,219**

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations and going concern

Redhawk Resources, Inc. (the "Company") and its wholly owned subsidiaries, Redhawk Copper, Inc. Copper Creek Project, LLC and Redhawk Resources (USA), Inc., are engaged principally in the acquisition, exploration and development of resource properties in the U.S.A. Currently the Company has the Copper Creek property in Arizona as its sole property.

The head office and principal address of the Company is located at Suite 610, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company's registered and records office address is Suite 2600, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1.

Going concern

These condensed consolidated interim financial statements have been prepared as applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead, its required property acquisition payments and continue its exploration activities. As at June 30, 2017, the Company had a working capital deficiency of $1,694,697.

The Company's ability to meet its administrative expenses, make the required property payments and complete its planned exploration and development activities is dependent upon management's ability to secure additional financing, find a new property or realize some value in the existing property. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

2. Statement of compliance

These condensed consolidated interim financial statements were authorized for issue on August 10, 2017, by the directors of the Company.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended March 31, 2017.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended March 31, 2017.

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on the accruals basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The financial statements of the Company reflect the consolidation of the financial results and period end financial

(Presented in Canadian dollars - unaudited)

2. Statement of compliance (cont'd)

accounts of the wholly owned entities –Redhawk Copper Inc., Copper Creek Project LLC, and Redhawk Resources (USA) Inc.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended March 31, 2017. Accordingly, these condensed consolidated interim statements for the three-month period ended June 30, 2017, and 2016 should be read together with the Annual Financial Statements as at and for the year ended March 31, 2017.

4. Receivables and prepaid expenses

		June 30, 2017		March 31, 2017
Value-added tax receivables	$	2,828	$	2,624
Prepaids		28,968		49,423
	$	31,796	$	52,047

5. Investment in associate – Copper Creek Project LLC

The associate of the Company as at June 30, 2017, was Copper Creek Project LLC ("CCP"), a Limited Liability Corporation incorporated on August 26, 2014, in Delaware, USA.

In 2014, Anglo American US Holdings Inc. ("Anglo Holdings"), entered into an agreement with RDK Copper and Copper Creek Project LLC ("CCP"). The agreement provided for exploration and development efforts on the Copper Creek copper- molybdenum property located in San Manuel, Arizona, USA.

Under the agreement Redhawk transferred into CCP the Copper Creek Project along with certain related assets and liabilities. Anglo Holdings then had a 60% interest in CCP and had to fund expenditures of US$44 million on the Project, at their option.

On October 28, 2016, Anglo American provided the Company with notice of a voluntary withdrawal as a member of CCP, effective as of that date. Anglo Holdings had spent US$6,641,632.

It was determined that a loss of $13,576,638 was required on the investment in the associate, which was based on the Company's market capitalization.

The entire 60% ownership interest of Anglo in CCP transferred back to the Company. For accounting purposes, this has been treated as an acquisition of the 60% interest for no additional consideration. Upon acquisition, the Company allocated the values to each of the assets and liabilities in CCP. Anglo Holdings will no longer have any rights, title, interest or claim in CCP. Reclamation on BLM and private lands has been completed and bonds are in the process of being returned.

As well, under the terms of the agreement, Anglo Holdings remained responsible for ensuring the funding of CCP in order to have CCP discharge property payments due within 90 days from Anglo Holding's notice of withdrawal. The sum of the property payments in this 90-day period was US$ 596,091 which has been funded by Anglo Holdings and the CCP has received these funds. In addition, Anglo provided additional

5. Investment in associate – Copper Creek Project LLC (cont'd)

funding for certain administrative costs, including the estimated fees for the audit of CCP as at March 31, 2017. These funds are reflected in the consolidated cash balances of the Company as at June 30, 2017.

On October 28, 2016, the date that the Company acquired the control of the Copper Creek Project LLC. the fair value of the assets and liabilities on that date were as follows:

	October 28, 2016 Stated in USD
Current assets	$ 1,054,752
Non-current assets	10,064,839
Total Assets	**$ 11,119,591**
Current liabilities	$ 721,640
Non-current liabilities	1,367,070
Total Liabilities	**$ 2,088,710**

6. Exploration and evaluation assets

a) Copper Creek Project

The Company owns 100% of the Copper Creek Project The Company is obligated for liabilities related to the property(ies) as disclosed in Note 9.

Based on the current plans at March 31, 2017, the Company determined there were indicators of impairment for the Copper Creek property. The Company retains title however there are no further plans for the Copper Creek property. The total amount recorded as Exploration and Evaluation Assets, representing costs and expenditures on the Copper Creek property, was fully impaired at March 31, 2017. The impairment expense was recorded in the statement of comprehensive loss for the year ended March 31, 2017.

b) D & G Mining Agreement

In November 2005, the Company entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. The Company paid US$80,000 in both 2006 and 2007 and was required to pay US$100,000 in November 2008 and annually thereafter until the end of year fifteen. The Company is current with all payments.

The Company has the option to purchase the property for US$1,600,000 with the purchase price increasing by US$200,000 per year until year fifteen. All yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that the Company exercises its property purchase option.

c) Freeport –McMoRan Agreement

In April 2007, the Company entered into a purchase agreement with Freeport-McMoRan Copper & Gold Inc. ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The purchase price for the property was US $3,200,000, payable by a deposit of US $500,000 (paid), and delivery of a promissory note for US $2.7 million. The additional mining claims are subject to a 1% Net Smelter Return royalty. (*See Note 9)*

(Presented in Canadian dollars - unaudited)

6. Exploration and evaluation assets (cont'd)

d) Bell and Morgan Agreements

In December 2012, the Company acquired patented land from two unrelated parties for total consideration of US $1.2 million payable by deposits of US $100,000 (paid) and the balance to be paid under the agreements. (*See Note 9*). The final Bell payment was made during the year. No other obligations remain with respect to this agreement.

7. Trade payables and accrued liabilities

		June 30, 2017		March 31, 2017
Trade payables	$	104,223	$	127,995
Amounts due to related parties (Note 11)		351,891		342,893
Accrued liabilities		27,262		39,512
	$	483,376	$	510,400

8. Short term debt – notes payable

		June 30, 2017		March 31, 2017
Amounts due to suppliers	$	204,464	$	206,178
Amounts due to related parties (Note 11)		441,462		446,807
	$	645,926	$	652,985

The Company has indebtedness to a number of officers, current and previous directors and advisors. These notes payable have the following attributes:

(1) To be paid in full on December 31, 2017;

(2) Non-interest bearing;

(3) The notes may be used as partial or full payment under any future private placement of the Company's common shares. This may be before December 31, 2017. If so used, the amount will then be deemed to be a payment on the principal amount of the note.

9. Long term debt – property acquisition

	June 30, 2017				March 31, 2017			
		USD		**CAD**		USD		CAD
Long term debt	$	**1,370,667**	$	**1,778,714**	$	1,352,319	$	1,799,935

a) In conjunction with the Company's acquisition of mining claims from Freeport, the Company entered into a promissory note. The promissory note is repayable over 12 years and bears interest at 5% per annum. (*Note 6c*)

(Presented in Canadian dollars - unaudited)

9. Long term debt – property acquisition (continued)

The payment schedule as at June 30, 2017 is as follows (USD):

Date		Principal
April 2018		180,956
April 2019		133,710
April 2020		140,395
Balance due beyond 5 years		1,015,606
Total debt	US$	1,470,667
Current portion of long term debt		(200,000)
Long term debt	US$	1,270,667

b) Morgan Agreement:

Date		Principal
December 2017		50,000
December 2018		50,000
December 2019		50,000
Total debt	US$	150,000
Current portion of long term debt		(50,000)
Long term debt	US$	100,000

No interest payable under this agreement

10. Share capital and contributed surplus

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2017, there were 159,998,138 issued and fully paid common shares (March 31, 2017 – 159,998,138).

Warrants

At June 30, 2017, there were 1,341,498 warrants issued and outstanding with a weighted average exercise price of $0.072 (March 31, 2017 – 1,341,498 with an exercise price of $0.072).

(Presented in Canadian dollars - unaudited)

10. Share capital and contributed surplus (continued)

The following table summarizes information about the granted and outstanding warrants during the three-month period ended June 30, 2017 and the year ended March 31, 2017:

	June 30, 2017		March 31, 2017	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning of year	1,341,498	$ 0.072	191,500	$ 0.055
Warrants issued	-	-	1,149,998	0.075
Warrants outstanding, end of year	1,341,498	$ 0.072	1,341,498	$ 0.072

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSX requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance is a fixed total of 27,705,457. Such options will be exercisable for a period of up to five years from the date of grant. The Board of Directors has the discretion to impose vesting periods on any options granted and, as such, options typically vest in accordance with the following schedule: 25% on date of grant and 12.5% on each of the three, six, nine, twelve, fifteenth and eighteen month anniversaries of the date of grant.

The changes in options during the three-month period ended June 30, 2017 and the year ended March 31, 2017, are as follows:

	June 30, 2017		March 31, 2017	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of period	11,425,000	$ 0.06	11,775,000	$ 0.06
Options cancelled/expired	-	-	(350,000)	0.31
Options outstanding, end of period	11,425,000	$ 0.06	11,425,000	$ 0.06
Options exercisable, end of period	11,425,000	$ 0.06	11,425,000	$ 0.06

(Presented in Canadian dollars - unaudited)

10. Share capital and contributed surplus (cont'd)

Details of options outstanding as at June 30, 2017, are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.05 - $0.25	3.20 years	11,225,000	11,225,000
$0.26 - $0.35	1.30 years	200,000	200,000
	3.17 years	11,425,000	11,425,000

During the three-month period ended June 30, 2017 and 2016, the Company recorded share-based compensation of $nil (2016 - $1,363) relating to options vested during the period. During the three-month period ended June 30, 2017, nil (2016 – 100,000) options expired unexercised.

Contributed surplus

Stock option

The stock option contributed surplus records items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant

The warrant contributed surplus records items recognized as part of a unit financing until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11. Related party transactions

Related party balances

The following amounts due to related parties are included in liabilities:

	June 30, 2017	March 31, 2017
Directors and officers of the Company - trade	$ 351,891	$ 342,893
Directors and officers of the Company - short term notes payable	441,462	446,807
	$ 793,353	$ 789,700

(Presented in Canadian dollars - unaudited)

10. Related party transactions (cont'd)

Key management compensation

	Three month period ended	
	June 30, 2017	**June 30, 2016**
Management fees	$ 10,000	$ 102,259
Share-based compensation	-	1,363
	$ 10,000	$ 103,622

Key management is considered to be the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Directors.

11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 cash equivalents, short-term investments held in bank accounts and reclamation bonds. The majority of cash and short-term deposits are held with major banks in Canada and U.S.A. This credit risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies

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 are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. The exposure for trade payables and accrued liabilities is considered insignificant.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. For further information, related to liquidity refer to Note 1.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

12. Financial risk management (cont'd)

As at June 30, 2017	Less than 1 year	1-2 years	2-5 years	Over 5 years
Trade payables and accrued liabilities	483,376	-	-	-
Current portion long term debt - property acquisition	324,425	-	-	-
Short-term debt - notes payable	645,926	-	-	-
Convertible debenture	322,979	-	-	-
Derivative liability	13,891	-	-	-
Long-term debt - property acquisition	-	238,400	247,076	1,293,238
Total	**1,790,597**	**238,400**	**247,076**	**1,293,238**

As at March 31, 2017	Less than 1 year	1-2 years	2-5 years	Over 5 years
Trade payables and accrued liabilities	510,400	-	-	-
Current portion long term debt - property acquisition	332,750	-	-	-
Short-term debt - notes payable	652,985	-	-	-
Convertible debenture	289,788	-	-	-
Derivative liability	25,558	-	-	-
Long-term debt – property acquisition	-	244,518	253,416	1,302,001
Total	**1,811,481**	**244,518**	**253,416**	**1,302,001**

Foreign exchange risk

Foreign currency risk is the risk that the fair values or 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 does not hedge its exposure to fluctuations in exchange rates.

The Company operates internationally with offices and operations in the US, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. A portion of the

Company's expenses are incurred in US dollars. The Company is also exposed to foreign exchange risk in relation to debt held in USD.

A significant change in the currency exchange rate between the US dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

12. Financial risk management (cont'd)

Financial assets and liabilities that are denominated in US dollars are as follows:

	June 30, 2017	March 31, 2017
Cash and cash equivalents	$ 49,244	$ 119,399
Accounts receivable and prepaid	20,775	24,827
Trade payables and accrued liabilities	(204,812)	(251,530)
Short-term debt	(275,112)	(282,172)
Convertible loan	(277,708)	(284,834)
Long-term debt	(1,778,715)	(1,799,935)
	$ (2,466,328)	$ (2,474,245)

Based on the above net exposures, as at June 30, 2017, a 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by $246,633.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks because the long term debt agreements are comprised of fixed interest rates and carried at amortized costs. Also, the convertible debt is non-interest bearing (See Note 8).

Capital Management

The capital structure of the Company consists of shareholders' equity.

The Company is not subject to any externally imposed capital requirements.

See note 1 for further discussion on going concern.

Fair value

The Company's financial instruments consist of cash and cash equivalents, short term investments, reclamation bonds, long term debt and trade payables and accrued liabilities. The fair value of cash and cash equivalents, short term investments and reclamation bonds approximates their carrying value due to their short term maturity. The fair value of long term debt, trade payables and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (Note 1).

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument.

Level 2 – Valuation techniques for which significant inputs are based on observable market data.

Level 3 – Valuation techniques for which any significant input is not based on observable market data.

The embedded derivatives are considered level 3.

(Presented in Canadian dollars - unaudited)

13. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and exploration of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at June 30, 2017		
	Canada	**U.S.**	**Total**
Reclamation deposits	$ -	$ 5,853	$ 5,853
Property and equipment	-	264,085	264,085
Exploration and evaluation assets	-	-	-
	$ -	$ 269,938	$ 269,938

	As at March 31, 2017		
	Canada	**U.S.**	**Total**
Reclamation deposits	$ -	$ 6,003	$ 6,003
Property and equipment	-	276,771	276,771
Exploration and evaluation assets	-	-	-
	$ -	$ 282,774	$ 282,774

14. Convertible debentures

On August 25, 2015, the Company closed a non-brokered private placement of 214 convertible debentures at a price of US$1,000 per debenture and raised gross proceeds of US$214,000 (CDN$284,834). The debentures accrued interest at 10% per annum and matured one year from the closing date. Commencing one day following the closing date, until close of business on the maturity date, the principal amount of the debentures was convertible, at the option of the holder, into units of the Company at a price of $0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitled the holder to subscribe for an additional share at the price of $0.07 per share for two years from the closing date.

In connection with the private placement the Company issued 191,500 broker warrants and paid a cash finder's fee. Each broker warrant entitled the holder to acquire one common share of the Company at an exercise price of $0.055 until August 24, 2017.

Effective August 23, 2016, the terms of the Debentures were amended as follows:

- The maturity date is extended from August 24, 2016, to August 24, 2017
- The conversion price of the Units is reduced from $0.05 per Unit to $0.045 per Unit
- The exercise price of the warrants is reduced from $0.07 to $0.06
- The interest rate of the Debentures increased to 12% effective August 24, 2016
- The warrants expiry date is extended to August 24, 2019

The Company has received all necessary approval for the amendments.

14. Convertible debentures (cont'd)

As the convertible debentures are denominated in US dollars and are contingently convertible into common shares at a US dollars price but the Company's functional currency is Canadian dollars, the conversion feature is a derivative liability. The derivative liability is measured at fair value with a recognition of changes in fair values included in the statement of loss and comprehensive loss. The Company has measured the fair value of the derivative liability. At June 30, 2017, the Company determined the fair value of the derivative component of the convertible debentures to be $13,891.

The statement of financial position discloses, in the current liability section, two components of the convertible debentures obligation, for a total liability of $336,870, including $59,161 in accrued interest. This disclosed liability is the total of funds raised less costs related to the financing, accrual of interest and the changes in fair value of the embedded derivatives.