

APPIA ENERGY CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**For the three and six months ended March 31, 2017
(unaudited)
(Expressed in Canadian \$)**

APPIA ENERGY CORP.
(the "Company")
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 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 the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

DATED this 30th day of May, 2017.

APPIA ENERGY CORP.

Per: (signed) "Tom Drivas"
Name: Tom Drivas
Title: Chief Executive Officer

Per: (signed) "Frank van de Water"
Name: Frank van de Water
Title: Chief Financial Officer

APPIA ENERGY CORP.
Condensed Interim Statements of Financial Position
(Expressed in Cdn \$)

Unaudited

| As at | March 31 2017 | September 30 2016 |
|--|------------------|----------------------|
| See Change in Accounting Policy Note 2 | \$ | \$ |
| Assets | | |
| Current | | |
| Cash and cash equivalents (note 4) | 1,776,048 | 661,751 |
| Accounts receivable | 27,472 | 5,280 |
| Prepaid expenses | 209,806 | 192,841 |
| Total current assets | 2,013,326 | 859,872 |
| Exploration and evaluation assets (note 5) | | |
| Acquisition cost | 798,826 | 813,036 |
| Total assets | 2,812,152 | 1,672,908 |
| Liabilities | | |
| Current | | |
| Share purchase subscriptions received | 118,500 | - |
| Accounts payable & accruals | 189,172 | 15,183 |
| Due to related parties (note 8) | 684,477 | 617,690 |
| Total liabilities | 992,149 | 632,873 |
| <i>Nature of operations and going concern (note 1)</i> | | |
| Shareholders' equity | | |
| Share capital (note 6(a)) | 9,447,689 | 8,150,029 |
| Warrants (note 6(c)) | 519,145 | 107,688 |
| Contributed surplus (note 7) | 2,724,702 | 2,446,703 |
| Deficit | (10,871,533) | (9,664,385) |
| Total shareholders' equity | 1,820,003 | 1,040,035 |
| Total liabilities and shareholders' equity | 2,812,152 | 1,672,908 |

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

APPROVED ON BEHALF OF THE BOARD on May 30th, 2017

"Signed"
Anastasios (Tom) Drivas

"Signed"
Frank van de Water

APIIA ENERGY CORP.
Condensed Interim Statements of Changes in Equity
(Expressed in Cdn \$)

Unaudited

| See Change in Accounting Policy Note 2 | Share Capital \$ | Warrants \$ | Contributed Surplus \$ | Deficit \$ | Total \$ |
|---|---------------------|----------------|---------------------------|---------------|-------------|
| At September 30, 2015 | 7,835,123 | - | 2,413,538 | (9,354,314) | 894,347 |
| Net loss and comprehensive loss for the period | - | - | - | (90,131) | (90,131) |
| At March 31, 2016 | 7,835,123 | - | 2,413,538 | (9,444,445) | 804,216 |
| Working Capital Units private placement, net | 314,906 | - | - | - | 314,906 |
| Valuation of warrants issued | - | 104,295 | - | - | 104,295 |
| Valuation of broker warrants | - | 3,393 | - | - | 3,393 |
| Share-based compensation | - | - | 33,165 | - | 33,165 |
| Net loss and comprehensive loss for the period | - | - | - | (219,940) | (219,940) |
| At September 30, 2016 | 8,150,029 | 107,688 | 2,446,703 | (9,664,385) | 1,040,035 |
| Flow-through shares private placement, net | 202,718 | - | - | - | 202,718 |
| Valuation of broker warrants | - | 10,158 | - | - | 10,158 |
| Working capital units private placement, net | 1,094,942 | - | - | - | 1,094,942 |
| Valuation of warrants issued | - | 401,299 | - | - | 401,299 |
| Share-based compensation | - | - | 277,999 | - | 277,999 |
| Net loss and comprehensive loss for the period | - | - | - | (1,207,148) | (1,207,148) |
| At March 31, 2017 | 9,447,689 | 519,145 | 2,724,702 | (10,871,533) | 1,820,003 |

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

APPIA ENERGY CORP.

Condensed Interim Consolidated Statements of Loss, and Comprehensive Loss

(Expressed in Cdn \$)

(Unaudited)

| | For the three months ended March 31 | | For the six months ended March 31 | |
|---|---|-----------------|---|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| See Change in Accounting Policy Note 2 | | | | |
| Expenses | | | | |
| Operating activities | | | | |
| Exploration Expenses | 501,087 | 17,679 | 656,582 | 24,024 |
| Less: provincial refunds | (17,029) | - | (17,029) | (21,209) |
| Net Exploration Expenses | 484,058 | 17,679 | 639,553 | 2,815 |
| Acquisition cost of properties dropped | - | - | 15,819 | - |
| General and administrative activities: | | | | |
| Professional fees | 14,317 | 3,512 | 25,213 | 8,274 |
| Management fees and salaries | 38,913 | 25,113 | 68,613 | 53,800 |
| Office and general | 12,699 | 8,142 | 21,804 | 15,011 |
| Investor relations | 125,884 | 5,200 | 160,049 | 12,549 |
| Share-based compensation | 275,612 | - | 277,999 | - |
| General and administrative expenses | 467,425 | 41,966 | 553,678 | 89,634 |
| Loss for the period before the following | (951,483) | (59,646) | (1,209,050) | (92,449) |
| Interest income | 1,010 | 1,194 | 1,902 | 2,318 |
| Net loss and comprehensive loss for the period | (950,473) | (58,452) | (1,207,148) | (90,131) |
| Basic and diluted loss per share | 0.02 | 0.00 | 0.03 | 0.00 |
| Weighted average number of shares outstanding | 48,696,000 | 41,616,000 | 46,243,000 | 41,616,000 |

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

APPIA ENERGY CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Cdn \$)

Unaudited

| | For the six months ended March 31 | |
|---|--------------------------------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| See Change in Accounting Policy Note 2 | | |
| Operating activities | | |
| Net loss for the year | (1,207,148) | (90,131) |
| Items not affecting cash: | | |
| Share-based compensation | 277,999 | - |
| Acquisition cost of properties dropped | 15,819 | - |
| | (913,330) | (90,131) |
| Net change in non-cash working capital | | |
| Accounts receivable | (22,192) | 754 |
| Prepaid expenses | (16,965) | (5,910) |
| Accounts payable and accrued liabilities | 173,989 | 24,874 |
| Due to related parties | 66,787 | 20,908 |
| Net cash used in operating activities | (711,711) | (49,505) |
| Investing activities | | |
| Exploration and evaluation assets acquisition costs | (1,609) | (27,974) |
| Net cash from investing activities | (1,609) | (27,974) |
| Financing activities | | |
| Private placement of flow-through shares | 234,180 | - |
| Private placement of working capital units | 1,585,725 | - |
| Share subscriptions received in advance | 118,500 | - |
| Share issue expense | (110,788) | - |
| Net cash from financing activities | 1,827,617 | - |
| Change in cash and cash equivalents | 1,114,297 | (77,479) |
| Cash and cash equivalents, beginning of period | 661,751 | 661,087 |
| Cash and cash equivalents, end of period | 1,776,048 | 583,608 |

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

APPIA ENERGY CORP.

Notes to Financial Statements

March 31, 2017

(expressed in Canadian dollars unless otherwise stated)

(Unaudited)

1. Nature of operations and going concern

Appia Energy Corp. ("Appia" or "the Company") is incorporated under the Canada Business Corporations Act and is listed on the Canadian Securities Exchange (CSE: "API"). The Company is evaluating its mineral resource properties in Ontario and Saskatchewan to determine whether the properties contain resources that are economically recoverable. The registered office and location of corporate records is Suite 500, 2 Toronto Street, Toronto, Ontario.

The accompanying unaudited condensed interim financial statements ("Financial Statements") of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these Financial Statements.

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. As at March 31, 2017 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had a working capital of \$1,021,177 as at March 31, 2017, after providing for \$684,477 due to related parties, and has incurred losses since inception, including expenditures of \$6,246,357 for exploration and evaluation of its mineral properties, resulting in an accumulated deficit of \$10,871,533 as at March 31, 2017. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern and the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption is not appropriate for these financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of the carrying cost of its resource properties is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production, or proceeds from the disposition of the properties.

2. Basis of preparation and statement of compliance with IAS 34

These Financial Statements form part of the period covered by the Company's International Financial Reporting Standards ("IFRS") annual consolidated financial statements and have been prepared in accordance with IAS 34 - *Interim Financial Reporting* on the basis of IFRS standards and interpretations expected to be effective as at the Company's fiscal year end, September 30, 2017.

These Financial Statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended September 30, 2016 prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of September 30, 2016.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. Operating results for the six months ended March 31, 2017 may not be indicative of the results that may be expected for the year ending September 30, 2017.

3. Summary of significant accounting policies

Readers should refer to the September 30, 2016 annual consolidated financial statements for the accounting policies used in the preparation of these Financial Statements and the effect of the voluntary change in accounting policy. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual consolidated financial statements will be determined as at September 30, 2017 and if a new policy differs materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements will be restated to retrospectively account for the application of those policies adopted at September 30, 2017.

4. Cash and cash equivalents

Cash and cash equivalents comprises cash and investments in Canadian Chartered Bank demand money market funds.

On December 30, 2016, the Company completed a private placement of 1,301,000 flow-through shares for gross proceeds of \$234,180. These funds were committed to be expended on Canadian Exploration Expenditures ("CEE") and were expended in the current quarter.

5. Exploration and evaluation assets

Acquisition costs

| | Ontario Elliot Lake | Saskatchewan | Total |
|--|------------------------|--------------|----------|
| | \$ | \$ | \$ |
| Balance, September 30, 2015 | 602,593 | 178,887 | 781,480 |
| Total additions for the period | - | 31,556 | 31,556 |
| Balance, September 30, 2016 | 602,593 | 210,443 | 813,036 |
| Total additions for the period | - | 1,609 | 1,609 |
| Acquisition cost of properties dropped | - | (15,819) | (15,819) |
| Balance, March 31, 2017 | 602,593 | 196,233 | 798,826 |

Ontario, Elliot Lake

On November 1, 2007, the Company acquired a 100% interest in 61 mining claims known as the Elliot Lake property located in Beange, Bolger, Bouck, Buckles, Gunterman and Joubin Townships, Sault Ste. Marie Mining Division in the Province of Ontario from Canada Enerco Corp. ("CEC"), a company controlled by the President, CEO and Director of the Company. CEC retains the right to a 1% Uranium Production Payment Royalty and a 1% Net Smelter Returns Royalty on any precious or base metals payable, provided that the price of uranium is greater than US\$130 per pound.

Appia holds over 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. Since the inception of mining, the Elliot Lake area has produced over 300 M lbs of U₃O₈ and is the only mining camp in Canada with significant historical commercial REE production.

Saskatchewan, Athabasca Basin

Beginning in fiscal 2011, the Company participated in staking properties in Saskatchewan.

In March 2016, the Company acquired by staking, a total of 46,623 hectares (115,208 acres) in the Athabasca Basin area in Saskatchewan.

In August 2016, Appia acquired an additional 5,970 hectares (14,752 acres) contiguous to the “Loranger” property in the Athabasca Basin, Saskatchewan, covering a 20 km aeromagnetic and electromagnetic trend to the southwest of the property.

On January 17, 2017 the Company received the necessary work permits in order to complete ground gravity surveys and conduct a diamond drill program on the Loranger property, Athabasca Basin, Saskatchewan. The ground surveys were completed in February. The diamond drilling equipment was mobilized at the end of February.

In January 2017, Appia acquired an additional 2,682 hectares (6,627 acres) contiguous to the “Loranger” property to the southeast in the Athabasca Basin, Saskatchewan.

At March 31, 2017 the Company held a total of 63,607 hectares (157,177 acres) in Saskatchewan, including a 90% interest in 1,518 hectares (3,751 acres).

Exploration and evaluation expenses

Amounts expended to date for exploration and evaluation activities for each area are summarized below. These amounts have been charged to the statement of loss and comprehensive loss.

| | Ontario Elliot Lake \$ | Saskatchewan \$ | Total \$ |
|--------------------------------|------------------------------|--------------------|-------------|
| Balance, September 30, 2015 | 5,339,814 | 187,071 | 5,526,885 |
| Total additions for the period | 10,540 | 73,559 | 84,099 |
| Saskatchewan refund | - | (21,209) | (21,209) |
| Balance, September 30, 2016 | 5,350,354 | 239,421 | 5,589,775 |
| Total additions for the period | 23,297 | 633,285 | 656,582 |
| Balance, March 31, 2017 | 5,373,651 | 872,706 | 6,246,357 |

6. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares

| | Number # | Amount \$ |
|---|-------------|--------------|
| Balance, September 30, 2015 | 41,616,078 | 7,835,123 |
| Working Capital Units private placement June 27, 2016 | 1,315,000 | 263,000 |
| Working Capital Units private placement September 8, 2016 | 75,000 | 15,000 |
| Flow - through Units private placement September 8, 2016 | 750,000 | 150,000 |
| Broker compensation shares issued | 35,000 | (3,393) |
| Less: Value associated with warrants issued | - | (104,295) |
| Share issue costs | - | (5,406) |
| Balance, September 30, 2016 | 43,791,078 | 8,150,029 |
| Flow - through shares private placement December 30, 2016 | 1,301,000 | 234,180 |
| Working capital units private placement January 23, 2017 | 5,000,000 | 1,000,000 |
| Working capital units private placement January 27, 2017 | 405,000 | 81,000 |
| Working capital units private placement March 23, 2017 | 1,442,071 | 504,725 |

| | | |
|--|-------------------|------------------|
| Less: Value associated with broker warrants issued | - | (10,158) |
| Less: Value associated with warrants issued | - | (401,299) |
| Share issue costs | - | (110,788) |
| Balance, March 31, 2017 | 51,939,149 | 9,447,689 |

On June 28, 2016, the Company completed a first tranche of a non-brokered private placement with the sale of 1,315,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$263,000. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.30 per WC Warrant Share until the earlier of: three years from closing date; and in the event that the closing price of the Common Shares on the Canadian Securities Exchange is at least \$0.50 for twenty consecutive trading days, and the 20th trading day is at least four months from the closing date, the date which is thirty days from the final trading day.

The Company paid a finder's fee of 35,000 common shares and 35,000 broker warrants. Each broker warrant entitles the holder to acquire one common share at \$0.20 until December 27, 2017.

On September 8, 2016, the Company completed a second tranche of the non-brokered private placement with the sale of 75,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$15,000 and 750,000 flow-through units ("FT Units") at a price of \$0.20 per FT Unit for proceeds of \$150,000.

Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.30 per WC Warrant Share until the earlier of: three years from closing date; and in the event that the closing price of the Common Shares on the Canadian Securities Exchange is at least \$0.50 for twenty consecutive trading days, and the 20th trading day is at least four months from the closing date, the date which is thirty days from the final trading day.

Each FT Unit consists of one common share and one-half common share purchase warrant entitling the holder to purchase one common share at a price of \$0.35 per Warrant Share exercisable for a period of eighteen months following the closing date, subject to earlier expiry on the trigger date.

On December 30, 2016, the Company completed a non-brokered private placement with the sale of 1,301,000 flow-through shares ("FT Shares") at \$0.18 per FT Share for gross proceeds of \$234,180. The Company paid cash finder's fees of \$18,014 and issued 100,080 broker warrants. Each broker warrant entitles the holder to acquire a common share of Appia at \$0.18 until December 30, 2018. An insider of the Company subscribed for 50,000 FT Shares.

On January 23, 2017, the Company completed a first tranche of a non-brokered private placement with the sale of 5,000,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$1,000,000. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.30 per WC Warrant Share until the earlier of: five years from closing date; and in the event that the closing price of the Common Shares on the Canadian Securities Exchange is at least \$0.60 for twenty consecutive trading days, and the 20th trading day is at least four months from the closing date, the date which is thirty days from the final trading day.

The Company paid a cash finder's fee of \$57,500 to eligible finders.

On January 27, 2017, the Company completed an additional tranche of a non-brokered private placement with the sale of 405,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$81,000. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.30 per WC Warrant Share until the earlier of: five years from closing date; and in the event that the closing price of the Common Shares on the Canadian Securities Exchange is at least \$0.60 for twenty consecutive trading days, and the 20th trading day is at least four months from the closing date, the date which is thirty days from the final trading day.

The Company paid a cash finder's fee of \$5,000 to an eligible finder.

On March 23, 2017, the Company completed a first tranche of a non-brokered private placement with the sale of 1,442,071 working capital units (“WC Units”) at \$0.35 per WC Unit for gross proceeds of \$504,725. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 per WC Warrant Share until March 24, 2019.

The Company paid a cash finder’s fee of \$5,373 to eligible finders.

All securities issued pursuant to the above referenced private placements are subject to a statutory four months hold period.

(b) Common share purchase options

The Company has a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at March 31, 2017, 3,850,000 common shares were reserved for the exercise of stock options granted under the Company’s stock option plan (the “Plan”).

The following table provides the details of changes in the number of issued common share purchase options during the period:

| | Options # | Weighted-average exercise price \$ |
|---|--------------|--|
| Outstanding at September 30, 2015 | 2,600,000 | 1.25 |
| Expired, unexercised | (1,400,000) | 1.25 |
| Granted | 900,000 | 0.19 |
| Outstanding and exercisable at September 30, 2016 | 2,100,000 | 0.80 |
| Surrendered | (1,200,000) | 1.25 |
| Granted | 2,950,000 | 0.30 |
| Outstanding at March 31, 2017 | 3,850,000 | 0.28 |
| Exercisable at March 31, 2017 | 2,075,000 | 0.27 |

In April 2016 the Company announced the appointment of a Director of Saskatchewan Operations and made a grant of 500,000 share purchase options exercisable at \$0.10 for a period of five years.

In August 2016 the Company engaged Palisade Global Investments Ltd as advisory consultants and made a grant of 300,000 share purchase options exercisable at \$0.30 for a period of 22 months.

In August 2016 the Company issued 100,000 options to a Consultant of the Company exercisable at \$0.30 for a period of five years.

On December 16, 2016 directors surrendered 1,200,000 options.

On February 1, 2017 the Company granted 2,950,000 options to purchase common shares exercisable at \$0.30 per share for five years to six directors and three consultants.

| Number of stock options | Number exercisable | Remaining contractual life | Exercise price per share | Expiry date |
|----------------------------|-----------------------|-------------------------------|-----------------------------|-----------------|
| 500,000 | 250,000 | 48.5 months | \$0.10 | April 14, 2021 |
| 300,000 | 300,000 | 15.0 months | \$0.30 | June 30, 2018 |
| 100,000 | 50,000 | 52.7 months | \$0.30 | August 22, 2021 |

| | | | | |
|-----------|-----------|-----------|--------|------------------|
| 2,950,000 | 1,475,000 | 58 months | \$0.30 | February 1, 2022 |
| 3,850,000 | 2,075,000 | | | |

The weighted average fair value of all the options granted and outstanding is \$0.28 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate of 0.65%-1.98%, expected dividend yield of nil, expected volatility of 84.97%-141% and expected life term from 22 to 60 months. Under this method of calculation, the Company has recorded \$277,999 as stock based compensation for the six months ended March 31, 2017, being the fair value of the options vested during the period. Options that have been issued and remain outstanding vest half immediately on the date of grant and half twelve months from the date of grant.

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

| | <i>Number</i> # | \$ |
|-----------------------------------|--------------------|---------|
| Balance September 30, 2015 | - | - |
| Private placement warrants issued | 1,765,000 | 104,295 |
| Broker warrants issued | 35,000 | 3,393 |
| Balance September 30, 2016 | 1,800,000 | 107,688 |
| Broker warrants issued | 100,080 | 10,158 |
| Private placement warrants issued | 6,847,071 | 401,299 |
| Balance March 31, 2017 | 8,747,151 | 519,145 |

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the outstanding warrants is as follows:

| | Number exercisable | Remaining contractual life | Exercise price per share | Expiry date |
|-------------------------|-----------------------|-------------------------------|-----------------------------|-------------------|
| Warrants | 35,000 | 11.9 months | \$0.20 | December 27, 2017 |
| Warrants | 375,000 | 14.3 months | \$0.35 | March 8, 2018 |
| Warrants | 100,080 | 24 months | \$0.18 | December 30, 2018 |
| Warrants | 1,442,071 | 23.8 months | \$0.35 | March 24, 2019 |
| Warrants | 1,315,000 | 29.9 months | \$0.30 | June 27, 2019 |
| Warrants | 75,000 | 32.3 months | \$0.30 | September 8, 2019 |
| Warrants | 5,000,000 | 57.7 months | \$0.30 | January 20, 2022 |
| Warrants | 405,000 | 58 months | \$0.30 | January 30, 2022 |
| Balance, March 31, 2017 | 8,747,151 | | | |

The fair value of the warrants issued in the quarter was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free weighted-average interest of 1.12%-1.14%, expected dividend yield of nil, average expected volatility of 83.85%-97.56% and expected life term of 24 months. Under this method of calculation, the Company recorded \$411,458 as the value of the warrants issued during the period ended March 31, 2017.

The number of common shares outstanding on March 31, 2017 was 51,939,149. Taking into account outstanding share purchase options and warrants, the fully diluted number of common shares that could have been outstanding on March 31, 2017 was 64,536,300.

7. Contributed surplus

A summary of changes in contributed surplus is as follows:

| | Amount \$ |
|-----------------------------|--------------|
| Balance, September 30, 2015 | 2,413,538 |
| Share-based compensation | 33,165 |
| Balance, September 30, 2016 | 2,446,703 |
| Share-based compensation | 277,999 |
| Balance, March 31, 2017 | 2,724,702 |

8. Related party transactions

During the three and six months ended March 31, 2017, the Company incurred related party expenses of \$37,013 (2016 – \$30,111) and \$77,718 (2016 - \$55,799). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Secretary and Chief Financial Officer, Michael D’Amico, Chief Financial Officer until December 31, 2015, James Sykes, from March 2, 2017, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers. The amount charged for office administration services is included under office and general expenses. As at March 31, 2017 \$19,757 (2016 - \$10,567) was due and payable to these related parties.

At March 31, 2017, \$568,306 (2016 - \$508,306) of accumulated related party expenditures was payable to Tom Drivas. Canada Enerco Corp., a company controlled by Tom Drivas was owed \$29,658, which was paid in April 2017.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the six months ended March 31, 2017 and 2016.

During the three months ended March 31, 2017, the Company incurred expenses of \$4,000 (2016 – \$4,000) and \$10,000 for the six months ended March 31, 2017 (2016 - \$10,000) related to directors’ fees to independent directors. At March 31, 2017, \$55,000 (2016 - \$37,000) was outstanding.

During the three and six months ended March 31, 2017, the Company incurred expenses of \$32,460 and \$41,064 (2016 - \$nil and \$1,140) for legal fees to a law firm related to a director of the Company, William R. Johnstone. At March 31, 2017 \$11,755 (2016 – \$nil) was payable to this related party.

As disclosed in Note 5, the Company’s major exploration property was acquired from a related party.

9. Financial instruments and risk management

Categories of financial assets and liabilities

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss (“FVTPL”), held to maturity investments, loans and receivables, financial assets and financial liabilities. The carrying values of the Company’s financial instruments, including those held for sales are classified into the following categories:

| | March 31 2017 | September 30 2016 |
|----------------------|--------------------------|----------------------|
| | \$ | \$ |
| FVTPL ⁽¹⁾ | 1,776,048 | 661,751 |

| | | |
|--------------------------------------|---------|-------|
| Receivables ⁽²⁾ | 27,472 | 5,280 |
| Financial liabilities ⁽³⁾ | 189,172 | 1,182 |

(1) Includes cash, committed cash and short-term investments.

(2) Includes accounts receivable related to HST tax refunds.

(3) Includes accounts payable.

Financial Instruments

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows or from the proceeds of disposal. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, planned production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that there is no impairment of the carrying value on its Ontario and Saskatchewan properties.

(a) Market risk

Commodity price risk

The price of uranium and rare earth elements will have an impact on the Company's exploration projects.

Sensitivity price risk

Anticipated changes in the price of uranium and rare earth elements would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

(i) Cash flow fair value interest rate risk

The Company does not have interest-bearing borrowings. The Company is exposed to interest rate risk to the extent of interest received on its cash balances.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with Canadian Chartered Banks as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the Statements are at cost.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages

liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company continues to assess all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives, but the Company is successfully raising funds by marketing non-brokered private placement of common shares and warrants.

11. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

12. Subsequent events

On April 5, 2017, the Company closed a non-brokered private placement with the sale of 392,858 working capital units ("WC Units") at \$0.35 per WC Unit for gross proceeds of \$137,500. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 per WC Warrant Share until April 5, 2019.

All securities issued pursuant to the above referenced private placements are subject to a statutory four month hold period.