GTGOLD

GT Gold Corp.
(Formerly Manera Capital Corp.)

Interim Consolidated Financial Statements

March 31, 2017 and 2016
(Expressed in Canadian Dollars)
(unaudited)

The following statements have not been reviewed by the Company's auditors.

GTGOLDCORP

(Formerly Manera Capital Corp.)

(unaudited)

Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash	1,902,179	2,087,222
GST receivable	30,864	22,368
Mining exploration tax credits recoverable	28,772	28,772
Other receivables	4,435	11,480
Prepaid expenses	21,021	13,599
	1,987,271	2,163,441
Reclamation deposits (note 5)	56,500	56,500
Exploration and evaluation assets (note 5)	1,775,000	1,775,000
Equipment (note 6)	10,538	11,555
	3,829,309	4,006,496
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	13,556	19,115
Accrued liabilities	28,125	22,500
Due to related parties – current (notes 5 and 7)	253,599	251,087
	295,280	292,702
Due to related parties – non-current (notes 5 and 7)	240,000	240,000
Total liabilities	535,280	532,702
Shareholders' equity		
Share capital (note 8)	7,642,794	7,606,794
Warrants reserve (note 8)	33,700	33,700
Share-based payments reserve (note 8)	304,899	259,626
Deficit	(4,687,364)	(4,426,326)
Shareholders' equity	3,294,029	3,473,794
Total liabilities and shareholders' equity (deficiency)	3,829,309	4,006,496

See accompanying notes to the interim consolidated financial statements

Nature and continuance of operations (note 1)
Events after the reporting period (note 12)

Approved on behalf of the Board of Directors:

"Ashwath Mehra"	*"Taj Singh"*
Ashwath Mehra, Director	Taj Singh, Director

(unaudited)

Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended March 31	
	2017	**2016**
	$	$
Operating costs and expenses		
Accounting and legal	13,272	16,593
Consulting fees (note 7)	58,500	2,000
Depreciation (note 6)	1,017	470
Directors' fees (note 7)	25,000	-
Exploration expenditures (notes 5 and 7)	38,612	-
Filing and transfer agent fees	11,931	-
Investor relations and marketing	42,517	-
Licenses and permits	-	1,154
Office and miscellaneous	4,764	2,468
Share-based payments (notes 7 and 8)	45,273	-
Travel	20,167	-
	(261,053)	(22,685)
Interest income	15	-
Loss and comprehensive loss	(261,038)	(22,685)
Loss per share – basic and diluted	(0.00)	(0.00)
Weighted average number of shares – basic and diluted	63,396,170	24,851,948

See accompanying notes to the interim consolidated financial statements

(unaudited)

Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended March 31	
	2017	**2016**
	$	**$**
Cash provided by (used in):		
Operating activities		
Loss for the year	(261,038)	(22,685)
Items not affecting cash:		
Depreciation	1,017	470
Share-based payments	45,273	-
Changes in non-cash operating working capital:		
GST receivable	(8,496)	(214)
Mining exploration tax credits recoverable	-	61,202
Other receivables	7,045	-
Prepaid expenses	(7,422)	-
Trade and other payables	(5,558)	15,466
Accrued liabilities	5,625	-
Due to related parties	2,511	-
	(221,043)	54,239
Financing activities		
Proceeds from the exercise of warrants	36,000	-
Investing activities	-	-
Net increase (decrease) in cash	(185,043)	54,239
Cash, beginning of period	2,087,222	1,466
Cash, end of the period	1,902,179	55,705

See accompanying notes to the interim consolidated financial statements

Supplemental disclosure with respect to cash flows (note 11)

GTGOLDCORP

(Formerly Manera Capital Corp.)

unaudited

Interim Consolidated Statements of Changes in Shareholders’ Equity (Deficiency)
For the Three Months Ended March 31, 2017 and 2016
(Expressed in Canadian dollars)

	Number of shares	Share capital $	Warrants reserve $	Share-based payments reserve $	Deficit $	Total equity (deficiency) $
Balance, December 31, 2016	63,380,281	7,606,794	33,700	259,626	(4,426,326)	3,473,794
Issued pursuant to the exercise of warrants	180,000	36,000	-	-	-	36,000
Share-based payments	-	-	-	45,273	-	45,273
Net loss	-	-	-	-	(261,038)	(261,038)
Balance March 31, 2017	63,560,281	7,642,794	33,700	304,899	(4,687,364)	3,294,029

	Number of shares	Share capital $	Warrants reserve $	Share-based payments reserve $	Deficit $	Total equity (deficiency) $
Balance, December 31, 2015	24,851,948	2,185,197	-	-	(2,460,096)	(274,899)
Net loss	-	-	-	-	(22,685)	(22,685)
Balance, March 31, 2016	24,851,948	2,185,197	-	-	(2,482,781)	(297,584)

See accompanying notes to the interim consolidated financial statements

1) NATURE AND CONTINUANCE OF OPERATIONS

GT Gold Corp. (formerly Manera Capital Corp.) ("Manera" or the "Company") was incorporated under the Business Corporations Act (British Columbia) ("BCBCA") on September 9, 2013 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's purpose as a CPC was to identify and evaluate potential business opportunities in Canada, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

On November 10, 2016, the Company completed a Share Exchange Agreement (the "Share Exchange") (note 4) with New Chris Minerals Ltd. ("New Chris"), a private British Columbia mineral exploration company incorporated under the BCBCA on February 25, 2011 with two founding shareholders (the "New Chris Shareholders"). The transaction was accounted for as an acquisition of Manera by New Chris, resulting in a reverse take-over ("RTO").

Following the RTO, on November 22, 2016, Manera changed its name to GT Gold Corp., began trading on the Exchange under the trading symbol GTT, and changed its registered and records office, as well as its head office, to Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8. New Chris continues forward as a wholly owned subsidiary and exploration cost centre for the Company.

For the purposes of these interim consolidated financial statements, the "Company" is defined as the consolidated entity. The comparative financial information for the three months ended March 31, 2016 is that of New Chris.

The Company's primary business is the acquisition and exploration of mineral properties, with a focus on British Columbia. The Company's properties (note 5) do not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will in future result in the definition of such deposits or, ultimately, a profitable mining operation.

These interim consolidated financial statements (the "financial statements") have been prepared on a going concern basis, which assumes the Company will 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. The Company has incurred consolidated losses during the first three months of the year of $261,038 (2016 – $22,685) and has an accumulated deficit as at March 31, 2017 of $4,687,364 (December 31, 2016 – $4,426,327). Further, the Company has limited financial resources, no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct further exploration and development of its mineral property projects.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

Management plans to continue to pursue equity and/or debt financing to support operations. There can be no assurance that these financing efforts will be successful. Failure to maintain the support of creditors and obtain additional external financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. However, management believes that the Company's working capital is sufficient for the Company to continue as a going concern beyond one year.

2) SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Presentation

The unaudited condensed interim financial statements for the three month period ended March 31, 2017, and the notes thereto (the “Interim Financial Statements”), together with the Company’s annual audited financial statements issued under International Financial Reporting Standards (“IFRS”) for the year ended December 31, 2016, present the Company’s financial results of operations and financial position under IFRS as at and for the three months ended March 31, 2017, including 2016 comparative periods. The Interim Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Company adopted in its financial statements for the year ending December 31, 2016 based on current standards. The Interim Financial Statements do not include all the necessary annual disclosures in accordance with IFRS.

These financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified at fair value through profit or loss. In addition, with the exception of cash flow information, these financial statements have been prepared using the accrual method of accounting.

All amounts in these financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary. The accounting policies set out below have been applied consistently by the Company and its subsidiary.

These interim financial statements were approved by the Company’s Board of Directors on May 11, 2017.

Principles of Consolidation

These financial statements include the financial information of the Company and its wholly-owned subsidiary. All intercompany balances have been eliminated on consolidation.

Subsidiaries are entities controlled by the Company, and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align with the policies adopted by the Company.

Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and deposits in banks. At March 31, 2017 and March 31, 2016, the Company did not have any cash equivalents.

Financial Instruments

The Company’s financial instruments include cash, other receivables, reclamation deposits, trade and other payables, accrued liabilities, and due to related parties. Financial assets and financial liabilities are recognized on the Company’s consolidated statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

***Financial Instruments** (cont'd…)*

the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

All financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit and loss ("FVTPL"), loans and receivables, available-for-sale, held-to-maturity or FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are measured at fair value with changes in fair value recognized in profit or loss during the period. Held to maturity assets, loans and receivables and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

As at March 31, 2017, the Company has classified its financial instruments as follows:

- Cash is classified as FVTPL.
- Other receivables and reclamation deposits are classified as loans and receivables.
- Trade and other payables, accrued liabilities, and due to related parties are classified as other financial liabilities.

The Company does not have any derivative financial assets or liabilities as at March 31, 2017 and 2016.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted. For unlisted shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Certain categories of financial assets that are assessed not to be impaired individually, are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Exploration and Evaluation Assets – Mineral Properties

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are recorded in the consolidated statements of loss and comprehensive loss as incurred.

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being capitalized as property and equipment.

Option payments to acquire an exploration and evaluation asset made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company on a property, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective areas of interest.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write-off the cost of equipment, less their estimated residual value, using the declining balance method at various rates ranging from 20% to 55% per annum. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of Non-Financial Assets *(cont'd…)*

any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets (mineral properties) are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value of the shares as of the date of issuance.

The Company has adopted the 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 fair value of the common shares issued in private placements is determined to be the more easily measurable component and they were valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as other reserve.

Share-Based Payments

The Company has a Stock Option Plan under which it may grant stock options to directors, employees, consultants and service providers.

The Company records a share-based payments expense for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in share-based payments reserve. Each transfer of an award is considered separately with its own vesting date and grant date fair value. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted to reflect the number of awards expected to vest. As the options are exercised, the

Share-Based Payments *(cont'd…)*

consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in share capital.

For equity-settled share-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received. If the fair value cannot be estimated reliably, then the Company would use the Black-Scholes option pricing model. The Company has no cash-settled share-based payment transactions.

Flow-Through Common Shares

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is completed. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income 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 unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

Reclamation Deposits

The Company maintains cash deposits, or letters of credit secured by cash deposits, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled.

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (Loss) per Share

Basic earnings (loss) per share ("EPS") is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Restoration, Rehabilitation and Environmental Obligations

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. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for 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 pre-tax 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 each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 material restoration, rehabilitation and environmental costs as the disturbance to date has been minimal.

Segment Reporting

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

Significant Accounting Judgments and Estimates

The preparation of these financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated useful lives of equipment

The estimated useful lives of equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

Share-based payments (stock options)

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

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

2) SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and exploration plans. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

New standards, amendments and interpretations to existing standards not adopted by the Company

During the period ended March 31, 2017, the Company adopted certain new standards and amendments to standards, none of which had a significant impact on its financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the impact the standard is expected to have on its financial statements.

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is evaluating the impact the final standard is expected to have on its consolidated financial statements.

4) SHARE EXCHANGE AGREEMENT

Pursuant to the Share Exchange (note 1), Manera issued 26,851,948 common shares to acquire 100% of the issued and outstanding shares of New Chris from the New Chris Shareholders. The Share Exchange also stipulated additional consideration in the form of a payment of $440,000 (the "Acquisition Obligation") to the New Chris Shareholders, both of whom are considered related parties for financial reporting purposes. $200,000 of the Acquisition Obligation is required to be paid within 12 months of closing of the Share Exchange (none paid as at December 31, 2016), with the remaining $240,000 being required within 24 months of closing (notes 5 and 7). Further, the Share Exchange also stipulated the partial exercise of New Chris' amended property option agreements by the issuance of an additional 11,500,000 common shares (note 5) and required the payment of $10,000 to the New Chris Shareholders on Exchange acceptance, with an additional payment of $206,500 to settle outstanding loans owing to the New Chris Shareholders (note 7).

The remaining terms of the option agreements remain in effect, with the requirement to make staged cash payments to the optionors totaling $575,000 over a period of 4 years. The properties are also subject to a 2% net smelter return ("NSR") royalty (note 5).

The transaction resulted in the New Chris Shareholders acquiring control of the Company. Therefore, the transaction has been accounted for as an acquisition of Manera by New Chris. As Manera did not meet the definition of a business as defined in IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

The substance of the issuance of the 26,851,948 common shares by Manera was to make New Chris a publicly listed company via RTO. Although the consolidated statement of financial position and share capital are those of the Company as a legal entity, the assets, liabilities and dollar

4) SHARE EXCHANGE AGREEMENT (cont'd…)

amounts allocated to share capital are those of New Chris. The Company's financial statements subsequent to November 10, 2016 provide for the continuation of New Chris' activities.

The fair value of the consideration was calculated as follows:

- The fair value of 7,850,000 common shares of Manera was determined to be $1,177,500 ($0.15 per share) based on the fair value of Manera shares on November 10, 2016 (note 8).
- The fair value of the amount due to related parties (acquisition obligation) was determined to be $440,000, which was the amount agreed upon by the New Chris Shareholders (note 5).

The fair value of the consideration was determined to be in excess of the fair value of the net assets of Manera as at November 10, 2016. Because the Company could not specifically identify any goods or services that related to this excess, a "Listing expense" has been recognized on the consolidated statement of loss and comprehensive loss as specified under IFRS 2.

The following provides details of the fair value of the consideration paid and the fair value of the assets and liabilities acquired:

	Number	**Amount**
		$
Consideration:		
Common shares	7,850,000	1,177,500
Acquisition Obligation	-	440,000
Total consideration		1,617,500
Identifiable assets (liabilities) acquired:		
Cash		139,692
GST receivable		4,742
Other receivables		1,123
Prepaid expenses		1,000
Other current assets		130,793
Accounts payable		(27,730)
Net assets acquired		249,620
Excess of consideration over net assets		1,367,880

The transaction constituted the Company's Qualifying Transaction ("QT") and pursuant to the policies of the Exchange, the Company is no longer a Capital Pool Company and is classified as a Tier 2 Mining Issuer. The Transaction was an arm's length transaction and therefore was not subject to shareholder approval.

5) EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

The following table provides a summary of exploration and evaluation asset acquisition costs:

	Tatogga Lake	**New Nanik**	**Total**
	$	**$**	**$**
Balance, December 31, 2014	-	-	-
Additions	-	-	-
Balance, December 31, 2015	-	-	-
Additions – fair value of common shares	862,500	862,500	1,725,000
Additions – cash	50,000	-	50,000
Balance, March 31, 2017 and December 31, 2016	912,500	862,500	1,775,000

On November 10, 2016, the Company completed the Share Exchange with New Chris (note 4), which included the issuance of 11,500,000 common shares of the Company with a combined fair value of $1,725,000. The original option agreements (discussed below) stipulated a certain number of shares to be issued on the Company (through New Chris) obtaining a public listing. Both option agreements included an amendment dated October 18, 2016 that superseded all prior option agreement details and called for the one-time issuance of 11,500,000 common shares in lieu of previously disclosed staged share issuances.

Tatogga Lake Property, British Columbia

The Company (through New Chris) entered into an option agreement dated June 13, 2011, and as amended March 25, 2014, June 10, 2016 and October 18, 2016, with Richard Billingsley, Gaye Richards and 0886260 B.C. Ltd. (collectively, the "Optionors A"). The Optionors A granted the Company the sole and exclusive right and option to acquire a 100% undivided interest in a series of mineral claims situated in the Red Chris (Iskut) region of northwestern British Columbia. As at December 31, 2016, in order to keep the option in good standing, the Company is required to make staged cash payments to the Optionors A as follows:

- $25,000 on signing (paid during 2011);
- $50,000 within five days of the Company obtaining a public listing (paid during 2016);
- $50,000 on the first anniversary of the date that the Company obtains a public listing;
- $100,000 on the second anniversary of the date that the Company obtains a public listing;
- $100,000 on the third anniversary of the date that the Company obtains a public listing; and
- $100,000 on the fourth anniversary of the date that the Company obtains a public listing.

The Optionors A retain a 2% NSR royalty on all future production of the claims, but pursuant to the option agreement, the Company has the sole and exclusive option to purchase 1% of the NSR royalty for a price of $1,500,000 within five years from the date the Tatogga Lake Project is put into commercial production.

New Nanik Property, British Columbia

The Company (through New Chris) entered into an option agreement dated April 24, 2012, and as amended March 20, 2014, June 1, 2016, June 10, 2016 and October 18, 2016, with Richard Billingsley and Gaye Richards (collectively, the "Optionors B"). The Optionors B granted the

5) EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (cont'd…)

New Nanik Property, British Columbia (cont'd…)

Company the sole and exclusive right and option to acquire a 100% undivided interest in a series of mineral claims known as the New Nanik Property, situated in west-central British Columbia approximately 100 kilometres southeast of Terrace. As at December 31, 2016, in order to keep the

option in good standing the Company is required to make staged cash payments to the Optionors B as follows:

- $50,000 within 15 business days of signing (paid in 2012);
- $25,000 on or before the first anniversary of the date that the Company obtains a public listing;
- $50,000 on or before the second anniversary of the date that the Company obtains a public listing;
- $50,000 on or before the third anniversary of the date that the Company obtains a public listing; and
- $50,000 on or before the fourth anniversary of the date that the Company obtains a public listing.

Upon the exercise of the option, the Company will be required to pay to the Optionors B a 2% NSR royalty on all future production of the claims.

The following table provides a summary of exploration and evaluation expenditure costs for the three months ended March 31, 2017 and 2016:

	March 31, 2017	March 31, 2016
	$	$
Tatogga Lake Property		
Consulting	32,750	-
Permitting	344	-
Shipping/transport	854	-
Plotting and printing	893	-
Claims staking & maintenance	237	-
Other	898	-
Total	35,976	-
BCMETC refund	-	-
Net expenditures	35,976	-
New Nanik Property		
Claims staking & maintenance	2,636	-
Total	2,636	-
BCMETC refund	-	
Net expenditures	2,636	-
Total expenditures	38,612	-

Reclamation deposits

As at March 31, 2017, the Company has a total of $56,500 (December 31, 2016 - $56,500) in reclamation deposits held pursuant to a Safekeeping Agreement with the Province of British Columbia.

6) EQUIPMENT

	Computer Equipment	Field Equipment	Total
Cost	**$**	**$**	**$**
Balance, December 31, 2016	6,270	16,922	23,192
Additions	-	-	-
Balance, March 31, 2017	6,270	16,922	23,192
Accumulated depreciation			
Balance, December 31, 2016	1,248	10,389	11,637
Additions	690	327	1,017
Balance, March 31, 2017	1,938	10,716	12,654
Net book value March 31, 2017	**4,332**	**6,206**	**10,538**
Balance, December 31, 2015	1,270	16,922	18,192
Additions	-	-	-
Balance, March 31, 2016	1,270	16,922	18,192
Accumulated depreciation			
Balance, December 31, 2015	1,186	7,750	8,936
Additions	11	459	470
Balance, March 31, 2016	1,197	8,209	9,406
Net book value March 31, 2016	**73**	**8,713**	**8,786**
Net book value December 31, 2016	**5,022**	**6,533**	**11,555**

7) DUE TO RELATED PARTIES

	For the three months ended		**Amount payable as at**	
	March 31, 2017	**2016**	**March 31, 2017**	**December 31, 2016**
	$	**$**	**$**	**$**
Consulting fees paid or accrued to the Company's Chief Executive Officer	37,500	-	7,076	16,936
Exploration and promotion expense paid or accrued to a company controlled by a Director	44,127	-	5,317	13,631
Consulting fees paid or accrued to the Company's Chief Financial Officer	13,000	-	-	3,955
Amount owing to the Company's Corporate Secretary	4,500	-	3,060	2,732
Director fees paid or accrued	25,000	-	38,146	13,833
Acquisition Obligation owing pursuant to the Share Exchange (current)	-	-	200,000	200,000
Totals	124,127	-	253,599	251,087

7) DUE TO RELATED PARTIES (cont'd…)

The remaining $240,000 owing as part of the Acquisition Obligation to the New Chris Shareholders, one of whom remains a Director of the Company while the other resigned as a Director subsequent to completion of the Share Exchange, is payable within 24 months of the closing of the Share Exchange (note 4). Accordingly, it has been classified as a non-current liability as at December 31, 2016 and March 31, 2017. The amounts owing are non-interest bearing and unsecured.

As at December 31, 2015, the Company (New Chris) owed an amount of $210,792 to a company controlled by a Director and advances totalling $189,940 to its two Directors. These amounts were repaid in part pursuant to a debt settlement completed during the year ended December 31, 2016 in which the Company (New Chris) paid cash and issued common shares.

On completion of the debt settlement, the Company recorded a gain on settlement in the amount of $34,232 (note 8). In addition, a lump-sum payment was made in connection with the Share Exchange (note 4) to pay off the remaining balance owing to the Directors in the amount of $206,500.

During the year ended December 31, 2016, the Company granted a total of 4,550,000 stock options to Directors and Officers of the Company with a fair value of $470,844. Share-based payments expense of $287,738 was recognized during the year ended December 31, 2016, and $43,597 in share-based payments expense related to Directors and Officers was recognized during the three months ended March 31, 2017.

8) SHARE CAPITAL

Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Share issuances

During the year ended December 31, 2016, the Company:

- Issued 1,500,000 common shares with a fair value of $150,000 ($0.10 per share) in connection with debt settlement agreements entered into with two Directors (New Chris). The Company recognized a gain on debt settlement in the amount of $34,232 in connection with the debt settled.
- Issued 26,851,948 common shares pursuant to the terms of the Share Exchange (note 4).
- Issued 11,500,000 common shares with a fair value of $1,725,000 ($0.15 per share) in connection with property options (notes 4 and 5).
- Completed a unit offering concurrently with the Share Exchange (note 4) whereby the Company issued 16,000,000 units at a price of $0.15 per unit for gross proceeds of $2,400,000. Each unit was comprised of one non-flow-through common share and one-half of one share purchase warrant, with each full warrant being exercisable into an additional non-flow-through common share at a price of $0.20 for a period of 2 years. No value was attributed to the warrant component of the units.

8) SHARE CAPITAL (cont'd…)

- Completed a flow-through share offering whereby the Company issued 600,000 flow-through common shares at a price of $0.20 per flow-through common share for gross proceeds of $120,000. A flow-through premium liability of $30,000 was recognized in connection with the flow-through offering, which was reversed and recognized as other income as at December 31, 2016 based on the Company expending all of the amounts raised under the flow-through offering on qualified exploration expenditures.
- Incurred total cash share issue costs of $186,882 in connection with the unit and flow-through offerings completed. The Company also issued a total of 496,033 finders' warrants exercisable into non-flow-through common shares of the Company at a price of $0.20 for a period of 2 years. The finders' warrants were valued at $33,700 ($0.068 per warrant) using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.61%, expected life of 2 years, expected volatility of 100% and no dividend yield.
- Issued 53,333 common shares with a fair value of $8,000 ($0.15 per share) pursuant to a consulting contract.
- Issued 525,000 common shares for gross proceeds of $52,500 in connection with the exercise of stock options. The Company recorded a fair value reversal in the amount of $39,179 from reserves to share capital in connection with the stock options exercised.

During the three months ended March 31, 2017, the Company:

- Issued 180,000 common shares for gross proceeds of $36,000 in connection with the exercise of warrants.

Escrow shares

As at March 31, 2017, 34,516,753 common shares are held in escrow (December 31, 2016 – 38,116,753) to be released at a rate of 15% on each of May 21, 2017, November 21, 2017, May 21, 2018, November 21, 2018, May 21, 2019, and November 21, 2019, respectively.

Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price $
Balance December 31, 2016	8,496,033	0.20
Issued	-	-
Exercised	(180,000)	0.20
Expired/Cancelled	-	-
Balance, March 31, 2017	8,316,033	0.20

Exercise price	Number of warrants	Expiry date
$0.20	8,316,033	November 10, 2018

Stock options

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum

8) SHARE CAPITAL (cont'd…)

number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

The exercise price of each option is determined by the Board of Directors at the time of grant, and cannot be less than the price permitted by the Exchange. Currently, the Exchange requires that the exercise price of options must be equal to or greater than the discounted market price (as defined in the policies of the Exchange). The exercise price of options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any options granted under the Plan at the time of grant subject to the policies of the Exchange.

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price $
Balance, December 31, 2016 and March 31, 2017	4,725,000	0.23

A summary of the Company's stock options outstanding and exercisable at December 31, 2016 is presented below:

Exercise price	Options outstanding	Options exercisable	Expiry date
$0.15	1,575,000	1,575,000	November 10, 2021
$0.225	1,575,000	-	November 10, 2021
$0.30	1,575,000	-	November 10, 2021
	4,725,000	1,575,000	

The weighted average remaining contractual life of options outstanding is 4.62 years.

During the year ended December 31, 2016, the Company granted a total of 4,725,000 stock options with a total fair value of $488,953 ($0.10 fair value per option). A total of $298,805 was recognized as share-based payment expense during the year ended December 31, 2016. The assumptions used in the Black-Scholes option pricing model were as follows:

	Year ended December 31, 2016
Expected life	5 years
Expected volatility	100%
Risk-free rate	0.74%
Dividend yield	Nil
Forfeiture rate	Nil

During the three months ended March 31, 2017, a total of $45,273 (2016 - $nil) was recognized as share-based payment expense.

9) CAPITAL MANAGEMENT

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company does not expect to enter into debt financing arrangements. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new common shares for cash proceeds. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at March 31, 2017 is comprised of shareholders' equity of $3,294,029 (December 31, 2016 - $3,473,794).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its exploration and evaluation assets and its ability to borrow or raise additional financing from equity markets.

10) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash amounting to $1,902,179 at March 31, 2017 (December 31, 2016 - $2,087,222). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Interest Rate Risk

The Company currently has cash balances only. The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

Market and Currency Risk

The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies. It is not exposed to currency risk because it does not deal in foreign currencies, nor does it have foreign mineral properties.

10) FINANCIAL INSTRUMENT RISKS (cont'd…)

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of 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; and
- Level 3 – Inputs that are not based on observable market data.

At March 31, 2017, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the consolidated statement of financial position at fair value on a recurring basis are categorized as follows:

	Category	At March 31, 2017 $
Cash	Level 1	1,902,179

During the three months ended March 31, 2017 and the year ended December 31, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

11) SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no non-cash financing and investing activities during the three months ended March 31, 2017 and March 31, 2016.

12) EVENTS AFTER THE REPORTING PERIOD

On April 26, 2017, the Company announced that it had completed its previously announced private placement for aggregate gross proceeds of $3,193,328 (the "Offering"). The Offering involved the sale of 2,712,000 common shares of the Company at a price of $0.32 per share, and an additional 5,167,750 common shares sold on a flow-through basis at a price of $0.45 per share.

The net proceeds from the Offering will be used for exploration of the Company's exploration and evaluation assets and for general working capital purposes.