VOLTAIC MINERALS

(formerly Prima Diamond Corp.)

Consolidated Financial Statements

October 31, 2016 and 2015

(Expressed in Canadian Dollars)

MNP LLP

Independent Auditors' Report

To the Shareholders of Voltaic Minerals Corp.:

We have audited the accompanying consolidated financial statements of Voltaic Minerals Corp. (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2016 and 2015, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Voltaic Minerals Corp. as at October 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Vancouver, British Columbia

February 27, 2017

Chartered Professional Accountants

Voltaic Minerals Corp.
(formerly Prima Diamond Corp.)
Consolidated Statements of Financial Position
As at October 31, 2016 and 2015
Expressed in Canadian dollars

		2016		2015
Assets				
Current				
Cash	$	**1,870**	$	2,417
Short-term investments		**30,000**		-
Other receivables (Note 6)		**66,600**		-
GST receivable		**6,177**		1,986
Marketable securities (Note 5)		**130,000**		-
Due from related parties (Note 10)		**8,584**		-
Prepaid expenses		**17,790**		-
		261,021		4,403
Exploration and evaluation assets (Note 6)		**541,946**		707,292
	$	**802,967**	$	711,695
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**80,180**	$	220,645
Loan payable (Note 7)		**-**		157,230
Due to related parties (Note 10)		**35,000**		623,648
		115,180		1,001,523
Shareholders' Equity				
Share capital (Note 8)		**8,084,952**		2,616,548
Reserves		**854,071**		325,574
Deficit		**(8,251,236)**		(3,231,950)
		687,787		(289,828)
	$	**802,967**	$	711,695

Approved and authorized by the Board of Directors on February 27, 2017:

"Darryl Jones" — President

"Sean Charland" — Director

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

Voltaic Minerals Corp.

(formerly Prima Diamond Corp.)
Consolidated Statements of Operations and Comprehensive Loss
For the years ended October 31,
Expressed in Canadian dollars

		2016		2015
Expenses				
Accounting fees	**$**	**13,469**	$	16,529
Administrative fees (Note 14)		**150,000**		150,000
Advertising and promotions		**105,213**		57,518
Consulting fees and salaries		**202,462**		22,475
Filing fees		**37,990**		17,464
Investor relations		**20,000**		-
Legal expenses		**23,426**		5,992
Interest expense (Note 7)		**-**		4,930
Office and general expenses		**6,578**		1,242
Professional services		**25,000**		-
Share-based payments (Note 9)		**536,158**		-
Travel expenses		**26,900**		2,779
		(1,147,196)		(278,929)
Other Income (Expenses)				
Interest income and others		**238**		40
Impairment of exploration and evaluation assets (Note 6)		**(707,292)**		(22,444)
Loss on settlement of shares for debt (Note 12)		**(3,504,407)**		-
Gain on settlement of debt (Note 11)		**153,128**		-
Gain on acquisition of exploration and evaluation assets (Note 6)		**186,243**		-
		(3,872,090)		(22,404)
Net loss before income taxes		**5,019,286**		301,333
Deferred tax recovery (Note 16)		**-**		1,631
Net loss and comprehensive loss for the year		**5,019,286**		299,702
Basic and diluted loss per share	**$**	**(0.25)**	$	(0.05)
Weighted average number of common shares outstanding – basic and diluted		**20,481,873**		6,514,700

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

Voltaic Minerals Corp.
(formerly Prima Diamond Corp.)
Consolidated Statements of Changes in Equity
For the years ended October 31, 2016 and 2015
Expressed in Canadian dollars

	Number of Shares①	**Share Capital $**	**Reserves $**	**Deficit $**	**Total $**
Balance, October 31, 2014	**6,514,700**	**2,616,548**	**325,574**	**(2,932,248)**	**9,874**
Net loss for the year	-	-	-	(299,702)	(299,702)
Balance, October 31, 2015	**6,514,700**	**2,616,548**	**325,574**	**(3,231,950)**	**(289,828)**
Shares issued for cash (Note 8b)	15,300,000	765,000	-	-	765,000
Finder's shares issued (Note 8b)	120,000	6,000	-	-	6,000
Warrants exercised (Note 8d)	100,000	7,500	-	-	7,500
Options exercised (Note 9)	34,000	17,861	(7,661)	-	10,200
Shares issued for property (Note 6,8b)	1,500,000	435,000	-	-	435,000
Shares issued for debt (Note 8b,12)	15,236,555	4,266,235	-	-	4,266,235
Escrow shares cancelled	(1,036,120)	-	-	-	-
Share issuance costs	-	(29,192)	-	-	(29,192)
Share-based payments (Note 9)	-	-	536,158	-	536,158
Net loss for the year	-	-	-	(5,019,286)	(5,019,286)
Balance, October 31, 2016	**37,769,135**	**8,084,952**	**854,071**	**(8,251,236)**	**687,787**

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

① Number of shares have been adjusted to reflect the 5 to 1 share consolidation on April 14, 2016 (see note 1 and note 8(b)).

Voltaic Minerals Corp.
(formerly Prima Diamond Corp.)
Consolidated Statements of Cash Flows
For the years ended October 31,
Expressed in Canadian dollars

	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss for the year	**$ (5,019,286)**	$ (299,702)
Adjustments for items not involving cash:		
Gain on settlement of debt (Note 11)	**(153,128)**	-
Loss on settlement of shares for debt (Note 12)	**3,504,407**	-
Sale of mineral property for shares (Note 6)	**(119,643)**	-
Share-based payments (Note 9)	**536,158**	-
Deferred tax recovery	**-**	(1,631)
Impairment of mineral properties (Note 6)	**707,292**	22,444
Interest expense	**-**	4,930
Changes in non-cash operating working capital:		
GST receivable	**(4,191)**	4,965
Prepaid expenses	**(17,790)**	42,686
Other receivable (Note 6)	**(66,600)**	30,000
Due to related parties	**27,433**	254,502
Accounts payable and accrued liabilities	**(9,876)**	(81,631)
Net cash flows (used in) operating activities	**(615,224)**	(23,437)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Exploration and evaluation costs	**(114,831)**	(4,196)
Short-term investments	**(30,000)**	5,750
Net cash flows from (used in) investing activities	**(144,831)**	1,554
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common shares issued for cash, net of share issuance costs	**759,508**	-
Loan payable	**-**	25,000
Bank indebtedness	**-**	(700)
Net cash flows from financing activities	**759,508**	24,300
INCREASE (DECREASE) IN CASH	**(547)**	2,417
Cash, beginning of year	**2,417**	-
Cash, end of year	**$ 1,870**	$ 2,417

Supplemental disclosure with respect to cash flows – Note 15

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Voltaic Minerals Corp. (formerly Prima Diamond Corp. and Prima Fluorspar Corp.) ("Voltaic" or the "Company") was incorporated on October 1, 2009, under the laws of British Columbia as a Capital Pool Company ("CPC") as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On August 14, 2012, the Exchange accepted the Company's Qualifying Transaction and Company commenced trading as a Tier 2 Mining Issuer under the symbol "CRN".

On April 18, 2013, the Company completed a reverse takeover with 0941680 BC Ltd. (formerly Prima Fluorspar Corp., a private company incorporated in British Columbia on May 29, 2012) in which Prima issued 11,515,000 common shares to all 0941680 BC Ltd.'s shareholders on a one for one basis, subject to escrow agreements pursuant to National Policy 46-201. Consequently, the Company is deemed to be a continuation of 0941680 BC Ltd. and Prima is deemed to have been acquired in consideration for its issued and outstanding shares prior to the reverse takeover transaction. A Special Shareholders Meeting for Prima was held on February 20, 2013 to approve the purchase agreement, approve the change of the Company name to Prima Fluorspar Corp., and elect new directors. The resulting company commenced trading as a Tier 2 Mining Issuer under the symbol "PF" on April 19, 2013. 0941680 BC Ltd was voluntarily dissolved on October 28, 2013. On July 3, 2014, the Company announced its new additional focus on diamond exploration, and changed its name to Prima Diamond Corp, trading under the symbol "PMD".

On March 21, 2016, the Company held an Annual and Special Meeting of shareholders at which the shareholders approved the consolidation of the issued and outstanding shares on a one new (1) for five old (5) basis. On April 14, 2016, the Company changed its name to Voltaic Minerals Corp. and began trading the newly consolidated shares under the symbol "VLT".

On August 19, 2016, the Company incorporated a subsidiary company in Nevada, Voltaic Minerals (USA) Inc. The Company owns 100% of the issued and outstanding shares of the subsidiary.

The head office, principal address and registered and records office of the Company are located at Suite 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

The Company has not generated any revenues and has incurred accumulated losses of $8,251,836 (2015 – $3,231,950) since inception. As at October 31, 2016, the Company has working capital of $145,841 (2015 – $997,120 deficiency). These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its diamond and fluorspar mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There is, primarily as a result of the conditions described above, cast significant doubt as to the appropriateness of the use of the going concern assumption.

The Company is not expected to be profitable during the ensuring twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration. During the year ended October 31, 2016, the Company received gross cash proceeds of $788,700 (2015 – $nil) pursuant to equity financing activities. While the Company is expanding its best efforts to achieve the continued financing, there is no assurance that any such activity will generate sufficient funds for future operations.

2. BASIS OF PRESENTATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Consolidation

These consolidated financial statements include the accounts of the Company and Voltaic Minerals (USA) Inc., its wholly owned subsidiary.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

<u>Estimates and assumptions</u>

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods; and
- The inputs used in accounting for share-based payments in the statements of operations and comprehensive loss.

2. BASIS OF PRESENTATION - continued

Significant Accounting Judgments, Estimates and Assumptions – continued

Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

  Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

- Provisions for reclamation

  Management assesses its provision for reclamation on an annually basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

- Going concern

  Significant judgments used in the preparation of these financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign Currency Translation

(i) Functional and presentation currency

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the Company's subsidiary in United States of America is the United States dollar ("USD").

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign Currency Translation -continued

(i) Functional and presentation currency -continued

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes a part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of operations and net loss.

Cash

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

Short-term investments

Short-term investments are fixed term deposits with a maturity of more than three months and less than twelve months at the time of issuance, and are recorded at fair value.

Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence and are designated as financial assets at fair value through profit or loss ("FVTPL"). Unrealized gains and losses due to period end revaluation to fair value are included in profit or loss for the period.

Financial instruments

i. Financial assets

The Company classifies its financial assets in the following categories: Fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss ("FVTPL")
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash ,short-term investment and marketable securities are included in this category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments – continued

i. Financial assets - continued

- Held-to-maturity investments ("HTM")
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. Other receivables are included in this category of financial assets.

- Available-for-sale financial assets
  Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- Impairment of financial assets
  Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when 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 impacted.

  Objective evidence of impairment could include the following:
  - Significant financial difficulty of the issuer or counterparty;
  - Default or delinquency in interest or principal payments; or
  - It has become probable that the borrower will enter bankruptcy or financial reorganization.

  For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments – continued

i. Financial assets – continued

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade 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.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include bank indebtedness, accounts payable and accrued liabilities, loan payable and due to related parties.

- Derivative Financial liabilities

Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Share-based payment transactions -continued

Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest fully upon the expiry of the hold period of four months from the award date, unless otherwise approved by the relevant regulatory authorities. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

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 a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the 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: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, differences relating to investments in subsidiaries and associates 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 financial position reporting date applicable to the period of expected realization or settlement.

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 set off 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.

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 at the date the common shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise 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. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Decommissioning liabilities -continued

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Long lived assets and impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using fair value determinations through management's estimate of recoverable value.

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

Pronouncements that are not applicable to the Company have not been included in these consolidated financial statements.

IAS 1 - Presentation of Financial Statements
In December 2014, the International Accounting Standards Board (IASB) issued amendments to IAS 1, incorporated into Part I of the CPA Canada Handbook - Accounting by the Accounting Standards Board (AcSB) in April 2015. The amendments are part of the IASB's Disclosure Initiative to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgment when preparing their financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9 - Financial instruments ("IFRS 9")
In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014), incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015, as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). The extent of the impact of adoption of the standard has not yet been determined.

IAS 7 - Statement of Cash Flows (Amendment)
In January 2016, the International Accounting Standards Board (IASB) issued amendments to IAS 7 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2016. The amendments are part of the IASB's Disclosure Initiative to address some of the concerns expressed about existing presentation and disclosure requirements. The amendments require entities to provide disclosures that enable users of the financial statements to evaluate both cash flow and non-cash changes in liabilities arising from financing activities.

These amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 - Leases
On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The extent of the impact of adoption of the standard has not yet been determined.

5. MARKETABLE SECURITIES

During the year ended October 31, 2016, the Company received 2,000,000 common shares of Macarthur Minerals Ltd. ("Macarthur") in accordance with the sale agreement of the Alkali Flats Lithium Brine Property (Also see Note 6). The shares were valued at $0.065 on the date they were received. The fair market value at October 31, 2016 was $0.065 per share. As such, no gains or losses have been recognized during the year ended October 31, 2016.

6. EXPLORATION AND EVALUATION ASSETS

Green Energy Lithium Brine Property

On February 18, 2016, the Company entered into an agreement to acquire a 100% interest in the Green Energy Lithium Brine Property (the "Property") located in Grand County, Utah. In consideration, the Company entered into an acquisition agreement with Zimtu Capital Corp. ("Zimtu") and Mesa Exploration Corp. ("Mesa"), collectively the "Vendors". The Company paid Zimtu $10,000 in acquisition costs and issued to Mesa 1,500,000 shares within 5 days of TSX-V approval (issued on May 12, 2016 with a fair value of $435,000 (also see Note 8(b)) and 1,500,000 shares by May 19, 2017 (also see Note 14). The TSX-V approved the transaction on May 19, 2016.

Alkali Flats Lithium Brine Property

On February 12, 2016, the Company entered into a Transfer Agreement (the "Transfer Agreement") with eight claimants of the SW claims located in Esmerelda County and Nye County, Nevada, USA (the "Property") which the claimants agreed to assign, convey and transfer to the Company all of the rights, title and interest in and to the Property.

On October 20, 2016, the Company entered into an Assignment Agreement (the "Assignment Agreement") with Macarthur Lithium Nevada Ltd. ("Macarthur Nevada") to assign the Company's right, title and interest in the Transfer Agreement and the Property to Macarthur Nevada. Under the terms of the Assignment Agreement, Macarthur Nevada should pay to the Company the sum of USD$50,000 within 6 months of the effective date and on the closing date, Macarthur Nevada should issue 2,000,000 common shares in Macarthur at a deemed value of $0.10 per share or 1,000,000 shares at a deemed value of $0.10 per share and $100,000 in 6 months from the execution of the Agreement. The TSX-V approved the transaction on October 21, 2016. As at October 31, 2016, the Company has received 2,000,000 common shares issued by Macarthur (see Note 5) and the payment of USD$50,000 (C$66,600) is outstanding. During the year ended October 31, 2016, the Company has recorded $186,243 as the gain on the property.

Diamond Properties

Godspeed Lake Diamond Property

On June 27, 2014, the Company entered into a property option agreement (the "Agreement") with DG Resource Management Ltd. ("DG Resource"), whereby the Company can acquire an undivided 100% interest in and to 46 mineral claims covering more than 42,000 ha (104,000 acres) in the southern portion of the Slave Province, Northwest Territories. The claims are called the Godspeed Lake Diamond Property ("Godspeed"). In consideration of the grant of the option, the Company will pay to DG Resource an aggregate of $150,000 cash ($10,000 paid) and issue 4,500,000 common shares of the Company. DG Resource will also retain a 2.5% Gross Overriding Royalty ("GORR") on all diamond production. The Company shall be entitled at any time to purchase 1% GORR for $2,000,000 in respect of all minerals other than diamonds. The Agreement is subject to final acceptance by the Exchange.

During the year ended October 31, 2016, the Company determined it would not pursue the acquisition of the Godspeed Lake Property and wrote off all acquisition and exploration costs incurred on the property totalling $32,614 (2015: $Nil).

6. EXPLORATION AND EVALUATION ASSETS - continued

Liard Fluorspar Property

The Company's Liard Fluorspar Property includes mineral claims purchased in three separate transactions and claims directly staked by the Company, which are listed in detail below.

Zimtu/Heyman/Brookes Property

On June 7, 2012, the Company entered into a Mineral Property Option Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"), Dave Heyman ("Heyman"), and Clive Brookes ("Brookes") to purchase a 100% interest in and to the fifteen mineral claims in Northern British Columbia, known as the Liard Fluorspar Property. The consideration payable by the Company and to be issued pursuant to this agreement shall be $40,000 payable 30 days from the date of signing of this agreement (paid); and 2,000,000 common shares of the Company issued 30 days from signing of this agreement (issued at $0.05 per share). The common shares issued under this agreement are subject to a three-year escrow release.

The Company is not required to incur any exploration expenditures in order to exercise the Option. There is a 2% Net Smelter Return ("NSR") royalty on the Property payable to the Vendors upon the commencement of commercial production.

During the year ended October 31, 2016, the Company determined it would not be pursuing this property and as such, has fully impaired the property. The Company recorded the impairment expenses of $624,678 for the year ended October 31, 2016 (2015: $Nil).

Schuss Property

On June 7, 2012, the Company entered into a Mineral Property Option Agreement ("Agreement") with Michael Schuss ("Schuss") (the "Optioner") to purchase a 100% interest in and to the twelve mineral claims in Northern British Columbia, known as the Schuss Property. In consideration, the Company issued 50,000 post-consolidated common shares at $0.05 per share. The common shares issued under this agreement are subject to a three-year escrow release.

During the year ended October 31, 2016, the Company determined it would not be pursuing this property and as such, has fully impaired the property. The Company recorded the impairment expenses of $12,500 for the year ended October 31, 2016 (2015: $Nil).

CIM Property

On August 13, 2012, the Company entered into a Mineral Property Option Agreement ("Agreement") with Canadian Intl Minerals Inc. ("CIN") (the "Optioner") to purchase a 100% interest in and to the fourteen mineral claims in Northern British Columbia, known as the CIM Property. In consideration, the Company paid $10,000. As at October 31, 2015, the Company concluded that it will not be pursuing this property and as such, has fully impaired the property and recorded the impairment expenses of $10,000 for the year ended October 31, 2015.

Dickson Property

On June 6, 2012, the Company entered into a Mineral Property Option Agreement ("Agreement") with Zimtu to purchase a 100% interest in and to the one mineral claim in Northern British Columbia, known as the Dickson Property. In consideration, the Company issued 150,000 post-consolidated common shares at $0.05 per share. The common shares issued under this agreement are subject to a three-year escrow release.

Expressed in Canadian dollars

6. EXPLORATION AND EVALUATION ASSETS – continued

Dickson Property -continued

During the year ended October 31, 2016, the Company determined it would not be pursuing this property and as such, has fully impaired the property. The Company recorded the impairment expenses of $37,500 for the year ended October 31, 2016 (2015: $Nil).

Claims acquired by staking

During the year ended October 31, 2012, the Company acquired 20 claims by staking in Northern British Columbia. As at October 31, 2015, the Company concluded that it will not be pursuing this property and decided to fully impaired the property. As such, the Company recorded the impairment expenses of $12,444 during the year ended October 31, 2015.

The following schedule shows the property spending for the years ended October 31, 2016 and 2015:

	Alkali Flats Lithium Property	Green Energy Lithium Property	Liard Fluorspar Property	Godspeed Diamond Property	Totals
Balance, October 31, 2014	$ -	$ -	$ 697,122	$ 28,418	$ 725,540
Additions during the year –					
Property exploration costs					
Geological and field personnel	-	-	-	4,196	4,196
Total additions during the year	-	-	-	4,196	4,196
Impairment of exploration and evaluation assets	-	-	(22,444)	-	(22,444)
Balance, October 31, 2015	$ -	$ -	$ 674,678	$ 32,614	$ 707,292
Additions during the year –					
Property acquisition costs					
Cash	10,357	10,000	-	-	10,000
Shares	-	435,000	-	-	435,000
Staking costs	-	88,382	-	-	88,382
Property exploration costs					
Geological and field personnel	-	8,564	-	-	8,564
Total additions during the year	10,357	541,946	-	-	552,303
Sale of mineral property	(10,357)	-	-	-	(10,357)
Impairment of exploration and evaluation assets	-	-	(674,678)	(32,614)	(707,292)
Balance, October 31, 2016	$ -	$ 541,946	$ -	$ -	$ 541,946

7. LOAN PAYABLE

During the year ended October 31, 2014, the Company borrowed funds to support operations from Zimtu. The Company signed a loan agreement with Zimtu for the total amount of these loans, equal to $127,300. The loans were due on or before October 31, 2015 with interest rate at 3% annually. During the year ended October 31, 2015, the Company borrowed additional funds of $25,000 and was able to repay $30,000. During the year ended October 31, 2016, the Company borrowed additional funds of $15,000. The loan was due on or before April 30, 2016, with an interest rate at 3% annually. The Company settled the loans by issuing shares to Zimtu (see Note 8(b) and Note 12). As of October 31, 2016, there are nil loans outstanding.

8. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value and
Unlimited preferred shares with no par value

b) Issued and Outstanding:

On March 21, 2016, the Company's shareholders approved the consolidation of the issued and outstanding shares on a one new (1) for five old (5) basis.

Issued during the year ended October 31, 2016:

On May 4, 2016, the Company closed the first tranche of a private placement. The Company issued 10,619,000 units (the "Units") at a price of $0.05 per Unit for gross proceeds of $530,950. Each Unit consists of one common share of the Company and one transferable share purchase warrant (a "Warrant"). Each whole Warrant shall be exercisable to acquire one additional common share of the Company (a "Warrant Share") for a period of 24 months at a price of $0.075 per Warrant Share in the first 12 months and $0.10 in the second 12 months. The Company paid $5,600 in finders' fees and issued 120,000 finders' shares.

On May 17, 2016, the Company closed the second and final tranche of the private placement. The Company issued 4,681,000 units (the "Units") at a price of $0.05 per Unit for gross proceeds of $234,050. Each Unit consists of one common share of the Company and one transferable share purchase warrant (a "Warrant"). Each whole Warrant shall be exercisable to acquire one additional common share of the Company (a "Warrant Share") for a period of 24 months at a price of $0.075 per Warrant Share in the first 12 months and $0.10 in the second 12 months.

On May 12, 2016, the Company issued 1,500,000 shares to Mesa Exploration Corp. in accordance with the Green Energy Lithium Brine Property, with a fair value of $435,000, or $0.29 per share.

On June 3, 2016, the TSX-V accepted the Company's proposal to issue 15,236,555 shares to settle outstanding debts of $761,828 with various creditors of the Company whereby the Company would issue shares of the Company at a deemed price of $0.05 per share representing a settlement of the amounts owing to such creditors (the "Shares for Debt Settlement"). Zimtu received 13,504,682 shares to settle debt of $675,234. All the securities issued under the Settlement Agreements are subject to voluntary 4 month hold and where required, escrow under applicable securities legislation.

On June 27, 2016, 34,000 stock options priced at $0.30 were exercised for gross proceeds of $10,200.

On August 17, 2016, 100,000 share purchase warrants priced at $0.075 were exercised for gross proceeds of $7,500.

c) Escrow Shares

On May 16, 2016, the Company cancelled the remaining 1,036,120 shares held in escrow and returned them to treasury. As at October 31, 2016, nil (2015: 1,187,320) common shares of the Company are held in escrow.

Expressed in Canadian dollars

8. SHARE CAPITAL – continued

d) Warrants

The following is a summary of warrant transactions for the years ended October 31, 2016 and 2015:

	2016			**2015**		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of year	795,000	$	0.77	983,200	$	0.78
Issued	15,300,000		0.075	-		-
Exercised	(100,000)		0.075	-		-
Expired	(795,000)		0.77	(188,200)		0.79
Balance, end of year	15,200,000	$	0.075	795,000	$	0.77

The following warrants were outstanding and exercisable as October 31, 2016:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life
May 4, 2018	0.075	10,619,000	1.51
May 17, 2018	0.075	4,581,000	1.54
Total		15,200,000	1.52

e) Finder's and Agent's Warrants

The following is a summary of finder's and agent's warrant transactions for the years ended October 31, 2016 and 2015:

	2016			**2015**		
	Number of Finder's Warrants		Weighted Average Exercise Price	Number of Finder's Warrants		Weighted Average Exercise Price
Balance, beginning of year	14,000	$	0.86	16,272	$	0.86
Expired	(14,000)		0.86	(2,272)		0.90
Balance, end of year	-		-	14,000	$	0.86

Expressed in Canadian dollars

9. SHARE-BASED PAYMENTS

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company's Annual General Meeting on March 21, 2016, the shareholders approved the "2016 Stock Option Plan", and set the number of options granted under the Plan to not exceed 10% of the issued and outstanding shares. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the years ended October 31, 2016 and 2015:

	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	370,000	$ 0.50	515,000	$ 0.50
Issued	1,676,000	0.30	-	-
Exercised	(34,000)	0.30	-	-
Cancelled	(330,000)	0.50	-	-
Expired	-	-	(145,000)	0.50
Balance, end of year	1,682,000	$ 0.30	370,000	$ 0.50

The following stock options were outstanding and exercisable as October 31, 2016:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Fair Value Stock Options (per option)
April 26, 2018	$0.50	40,000	1.48	$0.20
May 6, 2017	$0.30	442,000	0.51	$0.23
June 8, 2021	$0.30	1,200,000	4.61	$0.36
Total		1,682,000	3.46	$0.32

On May 26, 2016, the Company cancelled 240,000 stock options priced at $0.50 and expiring April 26, 2018, 50,000 stock options priced at $0.50 and expiring June 23, 2018, and 40,000 stock options priced at $0.50 and expiring August 20, 2018.

On May 6, 2016, the Company issued 476,000 stock options to a consultant of the Company at $0.30 per share for 1 year, expiring May 6, 2017. On June 27, 2016, 34,000 of these options were exercised for proceeds of $10,200.

On June 8, 2016, the Company issued 1,200,000 stock options to Directors and Officers of the Company at $0.30 per share for 5 years, expiring June 8, 2021 (see Note 10).

Expressed in Canadian dollars

9. SHARE-BASED PAYMENTS - continued

During the year ended October 31, 2016, share-based payments expense of $536,158 (2015 - $nil) was recognized for the stock options using the Black-Scholes option pricing model with the following assumptions:

	2016
Risk-free interest rate	0.55-0.62%
Expected life of options	1-5 years
Annualized volatility	185-283%
Dividends	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

10. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions in the normal course of operations:

		Year ended October 31,	
Related parties	**Descriptions of transactions**	**2016**	**2015**
Andrew Davidson (a)	Gain on settlement of debt (Note 11)	(59,300)	-
Robert Bick (b)	Gain on settlement of debt (Note 11)	(30,000)	-
Robert Bick (b)	Salaries and consulting fee	-	10,000
Darryl Jones (c)	Consulting services	61,000	-
Foster Wilson (d)	Consulting services	32,793	-
Key management (e)	Share-based compensation (Note 9)	428,911	-
Zimtu Capital Corp. (f)	Loss on settlement of shares for debt (Note 7 and Note 12)	3,106,077	-
Zimtu Capital Corp.	Consulting services	13,856	-
Zimtu Capital Corp.	Administrative services (Note 14)	150,000	150,000
Zimtu Capital Corp.	property acquisition cost (Note 6)	15,000	-
Zimtu Capital Corp.	Expenses paid on behalf of the Company	33,894	42,000

Due to (from) related parties	**2016 $**	**2015 $**
Andrew Davidson	-	69,300
Robert Bick	-	30,000
Zimtu Capital Corp.	5,000	524,348
Darryl Jones	(8,584)	-
Foster Wilson	30,000	-
Total	26,416	623,648

a) Andrew Davidson did not run for re-election as the director at the Company's Annual and Special General Meeting held on March 21, 2016.

b) Robert Bick did not run for re-election as the director at the Company's Annual and Special General Meeting held on March 21, 2016.

10. RELATED PARTY TRANSACTIONS - continued

c) Darryl Jones ("Mr. Jones") was elected as a director of the Company at the Company's Annual and Special General Meeting held on March 21, 2016. On July 15, 2016, Mr. Jones was appointed as the Company's President and Chief Executive Officer.

d) Foster Wilson ("Mr. Wilson") was appointed as a director of the Company on March 31, 2016. During the year ended October 31, 2016, the Company entered into an agreement with Mr. Wilson whereby Mr. Wilson agreed to provide consulting services for a term of 3 months commencing August 1, 2016, for $10,000 per month.

e) Key management includes the Company's directors and senior management.

f) Zimtu is a significant shareholder of the Company, holding 36.45% (2015 – 23.30%) of the issued and outstanding share capital and provides monthly administrative and managerial services (see Note 14). On January 15, 2015, David Hodge, the president of Zimtu, was appointed as interim President and Chief Executive Officer of the Company. He resigned on July 15, 2016.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

11. SETTLEMENT OF DEBT

During the year ended October 31, 2016, the Company was able to settle debt of $167,764 with some of its creditors at a discounted payment of $14,636. The Company has recorded $153,128 as the gain on such settlement of debt for the year ended October 31, 2016. The discounted amounts have been paid in full as at October 31, 2016.

12. ISSUANCE OF SHARES FOR DEBT

During the year ended October 31, 2016, the Company was able to settle debt of $761,828 with some of their creditors by issuing shares of 15,236,555 (see Note 8). The shares were issued with a deemed value of $0.05 while the market value of the shares was $0.28 on the date of issuance. The difference of $0.23 per share and $3,504,407 was recorded as the loss on issuance of shares for debt during the year ended October 31, 2016.

13. 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:

(a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash, short term investment and receivable balances. The Company manages its credit risk on bank deposits and short term investment by holding deposits and investments in high credit quality banking institutions in Canada. Further, the Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk with respect to receivables is remote.

13. FINANCIAL RISK MANAGEMENT - continued

(b) 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 ensures that 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.

Historically, the Company's sole 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.

(c) Foreign exchange risk

The functional currency of the Company is Canadian dollar and the functional currency of its USA subsidiary is USD respectively. As the USA subsidiary was set up on August 19, 2016 and had very limited activities for the year ended October 31, 2016, therefore the Company is not exposed to significant foreign exchange risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash and short term investment balances and is not exposed to any significant interest rate risk.

(e) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at October 31, 2016, the Company's shareholders' equity was $687,787 deficit (2015 - $289,828 deficit). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

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

Expressed in Canadian dollars

13. FINANCIAL RISK MANAGEMENT - continued

(f) Fair value

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.

The fair value of cash, short term investments and marketable securities are all based on level 1 inputs of the fair value hierarchy.

14. COMMITMENTS

(a) Effective May 1, 2013, the Company signed a Management Services Agreement with Zimtu at a rate of $12,500 per month for one year, the agreement was kept being renewed since then.

(b) According to the agreement signed on February 18, 2016 between the Company, Zimtu and Mesa regarding the acquisition of Green Energy Lithium Brine Property (see Note 6), the Company is committed to issue 1,500,000 shares by May 19, 2017.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statements of cash flows for the years ended October 31 2016 and 2015:

		2016		**2015**
Exploration costs included in accounts payable	$	5,357	$	103,557
Exploration costs included in due to related parties	$	5,000	$	-
Payable balances settled by share issuance	$	761,828	$	-
Shares issued for exploration and evaluation assets	$	435,000	$	-

Expressed in Canadian dollars

16. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations for the years ended October 31, 2016 and 2015:

	2016	2015
	$	$
Net loss before tax	(5,019,286)	(301,333)
Statutory tax rate	26%	26%
Expected income tax (recovery)	(1,305,014)	(78,346)
Non-deductible items	1,051,632	244
Change in estimates	(37,910)	(22,177)
Flow Through Share Premium	-	3,955
Functional currency adjustments	(7)	-
Foreign Tax Rate Difference	(7,658)	-
Change in Deferred tax asset not recognized	298,957	94,693
Total income tax expense (recovery)	-	(1,631)

	2016	2015
	$	$
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	(1,631)
Total income tax expense (recover)	-	(1,631)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used in the calculation of taxable income. Deferred tax assets (liabilities) at October 31, 2016 and 2015 are comprised of the following:

	2016	2015
	$	$
Non capital loss carryforwards	-	114,387
Exploration and evaluation asset	-	(114,387)
Net deferred tax asset (liability)	-	-

The unrecognized deductible temporary differences are as follows:

	2016	2015
	$	$
Exploration and evaluation asset	104,621	-
Financing cost	31,294	11,931
Non-capital loss carryforwards - Canada	3,542,067	2,517,355
Net operating loss carryforwards - USA	871	-
Unrecognized deductible temporary differences	3,678,852	2,529,286

Expressed in Canadian dollars

16. INCOME TAXES - continued

As at October 31, 2016, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately $3,542,067 (2015: $2,957,305) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	$
2029	7,650
2030	77,634
2031	49,295
2032	573,439
2033	1,002,122
2034	964,938
2035	333,236
2036	533,753
TOTAL	3,542,067

As at October 31, 2016, the Company has net operating loss carryforwards of approximately $871 (2015: $nil), which may be carried forward to apply against future year income tax for US tax purposes.

17. SUBSEQUENT EVENTS

i. On January 26, 2017, the Company has granted a total of 1,500,000 options to directors, employees and consultants, exercisable for 5 years at a price of $0.075 per share.

ii. On January 27, 2017, the Company announced a non-brokered private placement (the "Private Placement") of up to 15,000,000 units (the "Units") at a price of $0.06 per Unit for total aggregate proceeds of up to $900,000. Each Unit will consist of one common share (each, a "Share") and one-half-of-one share purchase warrant (a "Warrant"). Each whole Warrant shall be exercisable to acquire one additional common share of the Company (a "Warrant Share") at a price of $0.12 per Warrant Share for a period of 36 months after issuance. The proceeds from the Unit sale will be used by the company to fund exploration on the Green Energy Project and advancement of the Lithium Selective Process. The Private Placement is subject to acceptance by the TSX Venture Exchange. All the securities issued under the Private Placement are subject to resale restrictions under applicable securities legislation.

iii. On January 27, 2017, the Company announced that it had entered into a 50/50 joint-venture (the "JV") agreement with Equitorial Exploration Corp. (TSXV: EXX) ("Equitorial") for the Green Energy Lithium Project in Utah, USA. The agreement is subject to the approval of the TSX Venture Exchange. As per the agreement, Equitorial will have the right to participate, on a 50/50 basis, in all work relating to the Green Energy Project. For this right, Equitorial will invest $250,000 into Voltaic via private placement, on terms described above. Equitorial will also reserve 5,000,000 shares of Equitorial Exploration Corp. and issue them upon successful production of Lithium from Green Energy Project brine, using the Company's Lithium Process. A finder's fee may be payable on the Equitorial portion of the investment.

iv. Subsequent to October 31, 2016, 7,724,000 share purchase warrants priced at $0.075 have been exercised for gross proceeds of $579,300.