

Société d'Exploration Minière Vior Inc.

Statements of Financial Position

(expressed in Canadian dollars)

	As at June 30, 2017 \$	As at June 30, 2016 \$
Assets		
Current assets		
Cash and cash equivalents	2,409,689	991,841
Short-term investment (note 6b)	923,569	2,896,012
Tax credits for mining exploration and commodity taxes receivable	36,411	52,703
Other amounts receivable (note 5)	124,529	138,135
Prepaid expenses	35,168	17,915
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	3,529,366	4,096,606
Mining properties (note 7)	820,700	619,629
Property, plant and equipment , at cost less accumulated depreciation of \$7,008 (\$7,715 as at June 30, 2016)	6,697	6,616
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	4,356,763	4,722,851
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	174,959	156,252
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Equity		
Share capital (note 9)	30,855,944	30,012,803
Warrants (note 10)	227,410	30,254
Stock options (note 11)	81,928	172,604
Contributed surplus	1,529,582	1,506,184
Deficit	(29,117,745)	(28,856,084)
Accumulated other comprehensive income	604,685	1,700,838
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	4,181,804	4,566,599
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	4,356,763	4,722,851
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Subsequent events (note 19)

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

Approved by the Board of Directors

(signed) Claude St-Jacques _____, Director

(signed) Pierre St-Jacques _____, Director

Société d'Exploration Minière Vior Inc.

Statements of Income (Loss)

(expressed in Canadian dollars)

	Years ended June 30,	
	2017	2016
	\$	\$
Revenues		
Gain on short-term investment (note 6c)	5,169,381	-
Interest	7,531	8,707
Fees charged to a partner	164,618	67,341
Settlement of litigation	120,000	-
Gain on an investment held for trading	72,247	-
	<u>5,533,777</u>	<u>76,048</u>
Expenses		
Salaries and fringe benefits	321,103	263,424
Professional and maintenance fees	345,333	111,489
Rent and office expenses	86,684	67,413
Advertising and promotion	1,267	500
Share-based compensation	7,218	-
Travelling	14,168	4,807
Search for mining properties (note 13)	80,982	7,925
Interest and bank charges	1,270	872
Depreciation of property, plant and equipment	2,208	1,871
Loss on sale of a mining property	10,008	-
Cost of mining properties abandoned, impaired or written off	2,354	105,046
	<u>872,595</u>	<u>563,347</u>
Income (loss) before an investment in an associate and deferred tax	4,661,182	(487,299)
Share of net loss of an associate (note 6a)	-	(30,734)
Gain on disposal of an associate (note 6d)	-	205,868
	<u>-</u>	<u>175,134</u>
Income (loss) before deferred tax	4,661,182	(312,165)
Deferred tax (note 14)	(170,343)	267,271
Net income (net loss) for the year	<u>4,490,839</u>	<u>(44,894)</u>
Per share (note 15)		
Basic net earnings (net loss)	<u>0.145</u>	<u>(0.002)</u>
Diluted net earnings (net loss)	<u>0.144</u>	<u>(0.002)</u>

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

Société d'Exploration Minière Vior Inc.

Statements of Comprehensive Income

(expressed in Canadian dollars)

	<u>Years ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
Net income (net loss) for the year	4,490,839	(44,894)
Other comprehensive income		
Items that may be reclassified subsequently to net loss		
Unrealized gain on an available-for-sale short-term investment, net of related income tax of \$521,172 (\$264,313 in 2016) (note 6b)	3,353,712	1,700,838
Reclassification of realized gains on an available-for-sale short-term investment to net income, net of related income tax of \$691,515	(4,449,865)	-
Share of other comprehensive loss of the associate, net of related income tax of \$1,513 (note 6a)	-	(9,736)
Writeoff of the share of other comprehensive loss of the associate, net of related income tax of \$4,471 (note 6c)	-	122,167
Other comprehensive income (loss) for the year	<u>(1,096,153)</u>	<u>1,813,269</u>
Comprehensive income for the year	<u>3,394,686</u>	<u>1,768,375</u>

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

Société d'Exploration Minière Vior Inc.

Statements of Changes in Equity

(expressed in Canadian dollars)

	Share capital	Warrants	Stock options	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at July 1, 2016	30,012,803	30,254	172,604	1,506,184	(28,856,084)	1,700,838	4,566,599
Net income	-	-	-	-	4,490,839	-	4,490,839
Unrealized gain on an available-for-sale short-term investment, net of related income tax of \$521,173	-	-	-	-	-	3,353,712	3,353,712
Reclassification of realized gains on an available-for-sale short-term investment to net income, net of income tax of \$691,515	-	-	-	-	-	(4,449,865)	(4,449,865)
Comprehensive income (loss) for the year	-	-	-	-	4,490,839	(1,096,153)	3,394,686
Distribution of a stock dividend	-	-	-	-	(4,752,500)	-	(4,752,500)
Stock options granted (note 11)	-	-	7,218	-	-	-	7,218
Stock options exercised (note 11)	272,895	-	(97,894)	-	-	-	175,001
Warrants granted (note 10)	-	234,627	-	-	-	-	234,627
Warrants matured (note 10)	-	(23,398)	-	23,398	-	-	-
Warrants exercised (note 10)	66,851	(14,073)	-	-	-	-	52,778
Issuance of shares for the acquisition of a mining property (note 9)	65,000	-	-	-	-	-	65,000
Issuance of shares for cash consideration (note 9)	526,382	-	-	-	-	-	526,382
Share issue expenses (note 9)	(87,987)	-	-	-	-	-	(87,987)
Balance as at June 30, 2016	30,855,944	227,410	81,928	1,529,582	(29,117,745)	604,685	4,181,804

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

Société d'Exploration Minière Vior Inc.

Statements of Changes in Equity (continued)

(expressed in Canadian dollars)

	Share capital	Warrants	Stock options	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at July 1, 2015	29,973,781	33,919	173,829	1,494,438	(28,811,190)	(112,431)	2,752,346
Net loss	-	-	-	-	(44,894)	-	(44,894)
Unrealized gain on an available-for-sale short-term investment, net of related income tax of \$264,313	-	-	-	-	-	1,700,838	1,700,838
Share of other comprehensive loss of the associate, net of related income tax of \$1,513	-	-	-	-	-	(9,736)	(9,736)
Writeoff of the share of other comprehensive loss of the associate, net of related income tax of \$4,471	-	-	-	-	-	122,167	122,167
Comprehensive income (loss) for the year	-	-	-	-	(44,894)	1,813,269	1,768,375
Stock options cancelled (note 11)	-	-	(1,225)	1,225	-	-	-
Warrants granted (note 10)	-	6,856	-	-	-	-	6,856
Warrants cancelled (note 10)	-	(10,521)	-	10,521	-	-	-
Issuance of shares for cash consideration (note 9)	43,144	-	-	-	-	-	43,144
Share issue expenses (note 9)	(4,122)	-	-	-	-	-	(4,122)
Balance as at June 30, 2016	30,012,803	30,254	172,604	1,506,184	(28,856,084)	1,700,838	4,566,599

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

Soci t  d'Exploration Mini re Vior Inc.

Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended June 30,	
	2017	2016
	\$	\$
Cash flows from operating activities		
Net income (net loss) for the year	4,490,839	(44,894)
Adjustments for:		
Gain on a short-term investment	(5,169,381)	-
Gain on an investment held for trading	(72,247)	-
Share-based compensation	7,218	-
Depreciation of property, plant and equipment	2,208	1,871
Share of net loss of an associate	-	30,734
Gain on disposal of an associate	-	(205,868)
Deferred tax	170,343	(267,271)
Loss on sale of a mining property	10,008	-
Cost of mining properties abandoned, impaired or written off	2,354	105,046
	<u>(558,658)</u>	<u>(380,382)</u>
Changes in items of working capital		
Tax credits for mining exploration and commodity taxes receivable	(11,238)	41,371
Other amounts receivable	13,606	(132,664)
Prepaid expenses	(17,253)	(7,745)
Accounts payable and accrued liabilities	73,110	35,358
	<u>58,225</u>	<u>(63,680)</u>
	<u>(500,433)</u>	<u>(444,062)</u>
Cash flows from financing activities		
Share capital, warrants and stock options issued for cash, net of share issue expenses	900,801	45,878
	<u>900,801</u>	<u>45,878</u>
Cash flows from investing activities		
Acquisition of short-term investments	(120,000)	-
Disposition of a short-term investment	1,315,075	-
Acquisition of mining properties and capitalized exploration costs	(234,217)	(114,431)
Disposition of a mining property	12,500	-
Change in credit on duties refundable for loss and refundable tax credit for resources	46,411	77,366
Additions to property, plant and equipment	(2,289)	(3,044)
	<u>1,017,480</u>	<u>(40,109)</u>
Increase (decrease) in cash and cash equivalents	<u>1,417,848</u>	<u>(438,293)</u>
Cash and cash equivalents - Beginning of year	<u>991,841</u>	<u>1,430,134</u>
Cash and cash equivalents - End of year	<u>2,409,689</u>	<u>991,841</u>
Interest received	9,542	9,087

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

Société d'Exploration Minière Vior Inc.

Statements of Cash Flows (continued)

(expressed in Canadian dollars)

Additional information

Items not affecting cash and cash equivalents

	<u>Years ended June 30,</u>	
	2017	2016
	\$	\$
Related to investing activities:		
Credit on duties refundable for loss and refundable tax credit receivable for resources applied against mining properties	18,881	36,877
Acquisition of mining properties and exploration costs included in accounts payable and accrued liabilities	6,387	60,790
Issuance of shares in consideration for the acquisition of a mining property	65,000	-

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

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

1 General information

Société d'Exploration Minière Vior Inc. (the "Company") governed by the *Quebec Business Corporations Act*, is in the business of acquiring and exploring mining properties. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of warrants, common shares and stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The address of the Company's registered office is 839, Saint-Joseph Est, Suite 210, Quebec City, Quebec, Canada.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as defined in the Chartered Professional Accountants of Canada Handbook and adopted by the International Accounting Standards Board ("IASB").

Basis of measurement

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for available-for-sale instruments and for the investment in an associate, which is measured at its recoverable amount.

These financial statements were approved by the Board of Directors on September 21, 2017.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these annual financial statements are described below. They have been applied consistently to all years presented.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks as well as a monetary fund of which the maturity is three months or less from the date of acquisition.

Short-term investment

The short-term investment consists of shares and warrants in a public company. Purchases and sales relating to the short-term investment are recognized in the financial statements on the trade date based on its classification as an available-for-sale investment and as an investment held for trading.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The standards require that financial assets and financial liabilities, including derivative financial instruments, be initially measured at fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification: at fair value through profit or loss, available for sale, loans and receivables or financial liabilities at amortized cost.

At fair value through profit or loss – Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or contracted principally for the purpose of selling in the short-term or if so designated by management. Assets in this category principally include embedded derivatives and derivatives which do not qualify for hedge accounting.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Financial instruments in this category are recognized initially and measured subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income (loss) in the period in which they arise.

Financial instruments in this category are included in non-current assets unless the investments mature within 12 months or management intends to dispose of them within 12 months.

The Company holds warrants in a public company in this category.

Available for sale – Available-for-sale investments are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. Financial assets classified as available for sale are recognized initially at fair value plus transaction costs and are subsequently measured at fair value. Unrealized gains and losses are recognized directly in other comprehensive income (loss), except for significant or prolonged decline in value, in which case they are recognized in the statement of income (loss). Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in accumulated other comprehensive income are reclassified to the statement of income (loss).

Available-for-sale investments are included in non-current assets unless the investments mature within 12 months or management intends to dispose of them within 12 months.

The Company's financial assets classified as available for sale and included in the short-term investment consist of shares in a public company.

Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are recognized initially at the amount expected to be received less, when material, a discount to reclass the loans and receivables to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for impairment. They are included in current assets except for those with maturities greater than 12 months after the reporting period, which would be classified as non-current assets.

The Company's loans and receivables include cash, cash equivalents and other amounts receivable in the statement of financial position.

Financial liabilities at amortized cost – Financial liabilities include accounts payable and accrued liabilities and are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, they are measured at amortized cost using the effective interest method, which corresponds to par value due to their short-term maturity. They are classified as current liabilities if the payment is due within 12 months. Otherwise, they are presented in non-current liabilities.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income (loss). This amount represents the loss in accumulated other comprehensive income that is reclassified to the statement of income (loss).

Impairment losses on financial assets carried at amortized cost and available-for-sale debt securities are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, and are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years, which is considered appropriate to reduce the carrying amounts to estimated residual values of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Investment in an associate

An associate is an entity over which the Company has significant influence, but not control. The financial results of the Company's investments in its associate are included in the Company's results using the equity method. Subsequent to the acquisition date, the Company's share of profits or losses of the associate is recognized in the statement of income (loss) and its share of other comprehensive income of the associate is included in other comprehensive income.

Unrealized gains and losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in the associate are recognized in the statement of income (loss).

At each reporting date, the Company assesses whether there is any objective evidence that its interests in the associate are impaired. If impaired, the carrying amount of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and the impairment is charged to the statement of income (loss).

Mining properties

The Company records its acquisition of interests in mining properties and areas of geological interest at cost less option payments received and other recoveries. These acquisition costs are recognized as intangible assets. Exploration costs related to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned. These exploration costs are recognized as tangible assets. These costs will be amortized over the estimated recoverable resources in the current mine plan using the unit of production method or written off if the mining properties are sold or projects are abandoned. General exploration costs not related to specific mining properties are expensed as incurred.

Although management has taken actions to verify the ownership rights for mining properties in which the Company owns an interest in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the mining property exceeds its recoverable amount. The recoverable amount is the higher of the mining property's fair value less costs of disposal and value in use. Value in use is determined using the present value of the future cash flows expected to be derived from an asset. Impairment losses are recognized in the statement of income (loss) under caption *Cost of mining properties abandoned, impaired or written off*.

For the purpose of assessing impairment, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairments are reviewed for potential reversals at each reporting date. Impairment can be reversed but is limited to the carrying amount that would have been determined net of depreciation, as if no impairment to the carrying amount would have been recognized.

Joint arrangements

The Company conducts exploration on some mining properties through joint operations where the joint arrangement participants are bound by a contractual agreement establishing joint control over the assets of the joint arrangement. As for joint operations, each party recognizes its rights to the assets, liabilities, revenues and expenses of the arrangement.

Provisions

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when : (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as interest expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted.

The Company had no provisions as at June 30, 2017 and 2016.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss of 8% under the *Mining Duties Act* and a refundable tax credit for resources which may reach 31% under the *Quebec Income Tax Act*. Those credits are calculated on qualified exploration expenditures incurred in the province of Quebec. Those credits are accounted for using the cost reduction method. Accordingly, they are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided there is reasonable assurance that the Company has complied with all the conditions related to those credits and that those credits will be received.

Share capital

Share capital issued for non-monetary consideration is generally recorded at the quoted market price of the shares on the date of agreement relating to their issue. Share issue expenses are recorded as a reduction of shares.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the quoted price of the common shares and the amount the investors pay for the shares ("premium"), measured in accordance with the residual value method, is recognized as a liability which is reversed into the statement of income (loss) as a deferred tax recovery when eligible expenditures have been made.

The Company recognizes a deferred tax liability for the expenses renounced and a deferred tax expense at the moment the eligible expenditures are made.

Warrants

Fair value of warrants is measured on the date of grant. The fair value of warrants granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted. When warrants are issued as compensation to brokers, on the date of grant, the fair value of warrants is recognized as a share issue expense and recorded as a reduction of share capital.

Share-based compensation plan

The Company has established a share-based compensation plan, which is described in note 11 of the financial statements. The Company accounts for compensation costs for all forms of share-based compensation awarded to employees and non-employees, including stock options, using a fair value-based method.

Fair value is measured on the date of grant. The fair value of options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. On the date of grant, the fair value of stock options is recognized as an expense under caption *Share-based compensation* using the graded vesting method. Upon the exercise of stock options, any consideration received from plan members is credited to share capital and the fair value of the exercised stock options is reclassified from *Stock options* to *Share capital*.

Income taxes

The Company provides for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amount and tax bases of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. 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.

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 presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities arising from the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Société d'Exploration Minière Vior Inc.

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For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Revenue recognition

Interest on cash and cash equivalents, calculated using the effective interest method, is recognized in the statement of income (loss) as part of interest income on an accrual basis.

The fees invoiced to partners are recognized when the services are provided as project operator.

Basic and diluted earnings per share

Basic earnings per share are determined using the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. For stock options and warrants, the calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential common shares had been issued at the later of the beginning of the year or the date of issuance, as the case may be, and as if the funds obtained thereby had been used to purchase common shares of the Company at the average market value of the participating shares during the year.

Segment reporting

The Company currently operates in one business segment, being the acquisition and the exploration of mining properties. All of the Company's mining properties are located in Quebec, Canada.

New interpretation adopted during the year

The Company has adopted the following interpretation that has been applied in preparing these financial statements. These changes were made in accordance with the applicable transitional provisions.

IAS 1, *Presentation of financial statements* ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, *Presentation of financial statements*. These amendments clarify guidance on how to exercise professional judgment in determining the extent and structure of disclosures in financial statements. Since IAS 1 is a presentation standard, the amendments thereto, which are effective for annual periods beginning on or after January 1, 2016, have no impact on the Company's profit or loss or financial position.

New accounting standards not yet adopted

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than June 30, 2017. Many of these updates are not relevant to the Company and are therefore not discussed herein.

IFRS 2, *Share-based Payment* ("IFRS 2")

The IASB issued amendments to IFRS 2, *Share-based Payment*, in June 2016. Changes have been made to address certain matters relating to the recognition of (i) cash-settled awards and (ii) equity-settled awards with net settlement terms for employee withholding taxes. The amendments to this standard are effective for fiscal years beginning on or after January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard.

IFRS 9, *Financial instruments* ("IFRS 9")

In July 2014, the IASB issued the final standard on financial instruments dealing with classification and measurement, impairment and hedge accounting, to replace IAS 39 *Financial instrument: recognition and measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and this standard should be adopted retrospectively. The Company is currently evaluating the impact of adopting this standard.

IFRS 15, *Revenue from contracts with customers* ("IFRS 15")

In May 2014, the IASB issued IFRS 15 *Revenue from contracts with customers*. The objective of this new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability.

Société d'Exploration Minière Vior Inc.

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(expressed in Canadian dollars)

This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized.

The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard.

IFRS 16, *Leases* ("IFRS 16")

This new standard issued by the IASB in January 2016, establishes principles for the recognition, measurement and presentation of the leases and the disclosures about them, from the points of view of the lessee and the lessor. For accounting of the lessee, there will be now only one model, which requires the recognition of all assets and liabilities arising from lease contracts. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting this standard.

4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These judgments, estimates and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

Critical accounting estimates and assumptions are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment. The following discusses the most significant accounting estimates and assumptions that the Company has made in the preparation of the financial statements.

Mining properties

The Company's evaluation of the recoverable amount with respect to the mining properties is based on numerous assumptions including long-term commodity prices, future capital requirements, exploration potential and operations performance and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of mining properties to carrying values. Assets are reviewed for an indication of impairment at each reporting date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, interruptions in exploration activities and significant negative industry or economic trends.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. The determination of the ability of the Company to utilize tax losses carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets.

Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

b) Critical judgments in applying the entity's accounting policies

Short-term investments

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Objective evidence of an impairment loss includes: i) significant financial difficulty of the debtor; ii) delinquencies in interest or principal payments; iii) increased probability that the borrower will enter bankruptcy or other financial reorganization; and iv) in the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost. Assumptions used to calculate the fair value are described in note 17b of the financial statements.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

5 Other amounts receivable

	As at June 30,	
	2017	2016
	\$	\$
Partner	118,134	133,861
Others	6,395	4,274
	<u>124,529</u>	<u>138,135</u>

6 Investment in Aurvista Gold Corporation

a) Investment in an associate

	As at June 30,	
	2017	2016
	\$	\$
Aurvista Gold Corporation, under the equity method (interest of 29.76% – 20,685,800 shares)		
Balance - Beginning of year	-	640,338
Share of net loss	-	(30,734)
Share of other comprehensive loss	-	(11,249)
Deemed disposal of the investment in an associate	-	(598,355)
Balance - End of year	<u>-</u>	<u>-</u>

On August 9, 2011, following the closing of its initial public offering and its listing on the TSX Venture Exchange, Aurvista Gold Corporation ("Aurvista"), a mining exploration company exercising its activities in the province of Quebec, acquired the Company's residual interest in the Douay, Douay Ouest, Douay Est and Bloc Joutel properties (collectively "Douay"), except for 10% in two claims of the Douay Ouest property for a consideration of 21,250,000 common shares of its share capital for a gross value of \$20,293,750 at the issuing date.

As a result of this transaction, the Company held 43.8% of the issued common shares of Aurvista. Since the Company has significant influence on Aurvista, the investment was accounted for under the equity method. On the transaction date, the investment in Aurvista was recorded based on the gross proceeds from the disposal of the Douay properties, being \$20,293,750, less a discount of \$4,533,750 related to share escrow agreements. The discount was calculated using a valuation model at an average rate of 22%, based on the release period of the escrowed shares. The Company will have to issue to the intermediaries involved in the transaction 564,200 Aurvista shares over an 18-month period in settlement of selling costs of \$538,812, less a discount of \$120,375. The amount to be paid will be adjusted based on the fair value of the shares held by the Company in Aurvista at the end of each period. Selling costs of \$42,748 were also paid to a law firm. Considering the escrow discount and the selling costs, the net proceeds amounted to \$13,925,664.

As at June 30, 2013, following the issuance of 20,976,012 shares by Aurvista and a distribution by the Company of 564,200 shares of Aurvista to intermediaries involved in the transaction, the Company held 29.76% of the issued common shares of Aurvista.

The Company's share in the results of Aurvista as well as the financial information (assets, liabilities, revenues and net loss) of Aurvista will be accounted for and presented in the Company's financial statements with a maximum delay of one quarter depending of the availability of Aurvista's financial information at the time of the release of the Company's financial statements.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

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b) Short-term investment

On November 3, 2015, the Company ceased to exercise significant influence over Aurvista and reclassified its investment in an associate under short-term investment.

	As at June 30,	
	2017	2016
	\$	\$
Balance - Beginning of year	2,896,012	-
Fair value of the investment at the time of the loss of significant influence	-	930,861
Acquisitions	148,000	-
Distribution of a stock dividend	(4,752,500)	-
Disposals	(1,315,075)	-
Change in fair value	3,947,132	1,965,151
Balance - End of year	923,569	2,896,012

c) Gains on short-term investment

	As at June 30,	
	2017	2016
	\$	\$
Gain on sale of a short-term investment	5,141,381	-
Other gain (1)	28,000	-
	5,169,381	-

(1) Corresponds to the amount by which fair value exceeds the consideration on initial registration of a temporary investment.

d) Gain at the time of the loss of significant influence

	As at June 30,	
	2017	2016
	\$	\$
Fair value of the investment at the time of the loss of significant influence	-	930,861
Carrying value of the investment at the time of the loss of significant influence	-	(598,355)
Writeoff of the share of other comprehensive loss of the associate	-	(126,638)
Gain on disposal of an associate	-	205,868

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7 Mining properties

Reconciliation of mining properties

	Exploration costs	Acquisition cost		Total
		Mining properties	Claims	
	\$	\$	\$	\$
Balance as at June 30, 2015	573,471	7,925	65,471	646,867
Costs incurred	110,610	-	4,075	114,685
Mining properties abandoned, impaired or written off	(92,863)	-	(12,183)	(105,046)
Credit on duties refundable for loss and refundable tax credit for resources	(36,877)	-	-	(36,877)
Balance as at June 30, 2016	554,341	7,925	57,363	619,629
Costs incurred	73,013	160,001	11,800	244,814
Mining properties sold, abandoned, impaired or written off	(15,881)	(7,925)	(1,056)	(24,862)
Credit on duties refundable for loss and refundable tax credit for resources	(18,881)	-	-	(18,881)
Balance as at June 30, 2017	592,592	160,001	68,107	820,700

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Detail of mining properties

	N° of claims	Undivided interest %	Balance as at June 30, 2016 \$	Costs incurred \$	Mining properties sold, abandoned, impaired or written off, credit on duties refundable for loss and refundable tax credit for resources \$	Balance as at June 30, 2017 \$
Big Island Lake	95					
Acquisition costs		100	4,420	3,523	(131)	7,812
Exploration costs			7,775	22,615	(7,903)	22,487
			<u>12,195</u>	<u>26,138</u>	<u>(8,034)</u>	<u>30,299</u>
Douay Ouest (note c)	-					
Acquisition costs		-	7,925	-	(7,925)	-
Exploration costs			14,583	-	(14,583)	-
			<u>22,508</u>	<u>-</u>	<u>(22,508)</u>	<u>-</u>
Foothills (note a)	840					
Acquisition costs		49	30,687	-	(926)	29,761
Exploration costs			318,481	-	(1,029)	317,452
			<u>349,168</u>	<u>-</u>	<u>(1,955)</u>	<u>347,213</u>
Ligneris	94					
Acquisition costs		100	18,487	2,713	-	21,200
Exploration costs			136,849	3,607	(1,218)	139,238
			<u>155,336</u>	<u>6,320</u>	<u>(1,218)</u>	<u>160,438</u>
Mosseau (note b)	53					
Acquisition costs		100	-	164,281	-	164,281
Exploration costs			-	46,760	(10,018)	36,742
			<u>-</u>	<u>211,041</u>	<u>(10,018)</u>	<u>201,023</u>
Veza-Noyard	10					
Acquisition costs		100	1,406	393	-	1,799
Exploration costs			76,464	31	(10)	76,485
			<u>77,870</u>	<u>424</u>	<u>(10)</u>	<u>78,284</u>
Others	-					
Acquisition costs		-	2,552	891	-	3,443
Exploration costs			-	-	-	-
			<u>2,552</u>	<u>891</u>	<u>-</u>	<u>3,443</u>
			<u>619,629</u>	<u>244,814</u>	<u>(43,743)</u>	<u>820,700</u>

All mining properties are located in the province of Quebec.

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For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

Detail of mining properties (continued)

	N° of claims	Undivided interest %	Balance as at June 30, 2015 \$	Costs incurred \$	Mining properties abandoned, impaired or written off, credit on duties refundable for loss and refundable tax credit for resources \$	Balance as at June 30, 2016 \$
Big Island Lake	80					
Acquisition costs		100	2,210	2,210	-	4,420
Exploration costs			3,177	6,941	(2,343)	7,775
			<u>5,387</u>	<u>9,151</u>	<u>(2,343)</u>	<u>12,195</u>
Douay Ouest (note c)	5					
Acquisition costs		10	7,925	-	-	7,925
Exploration costs			14,583	-	-	14,583
			<u>22,508</u>	<u>-</u>	<u>-</u>	<u>22,508</u>
Foothills (note a)	478					
Acquisition costs		100	30,321	1,266	(900)	30,687
Exploration costs			260,421	101,756	(43,696)	318,481
			<u>290,742</u>	<u>103,022</u>	<u>(44,596)</u>	<u>349,168</u>
Ligneris	77					
Acquisition costs		100	29,300	470	(11,283)	18,487
Exploration costs			218,815	1,644	(83,610)	136,849
			<u>248,115</u>	<u>2,114</u>	<u>(94,893)</u>	<u>155,336</u>
Veza-Noyard	10					
Acquisition costs		100	1,406	-	-	1,406
Exploration costs			76,286	269	(91)	76,464
			<u>77,692</u>	<u>269</u>	<u>(91)</u>	<u>77,870</u>
Others	-					
Acquisition costs		-	2,423	129	-	2,552
Exploration costs			-	-	-	-
			<u>2,423</u>	<u>129</u>	<u>-</u>	<u>2,552</u>
			<u>646,867</u>	<u>114,685</u>	<u>(141,923)</u>	<u>619,629</u>

All mining properties are located in the province of Quebec.

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(expressed in Canadian dollars)

(a) On March 9, 2016, the Company granted Iluka Exploration (Canada) Ltd ("Iluka") the option to acquire an initial 51% interest in the Foothills property for a consideration of exploration work totalling \$400,000 during the first year of the agreement and an additional 39% interest for a consideration of exploration work totalling \$2,100,000 no later than March 31, 2019. On August 25, 2016, the Company amended the agreement to add 140 new claims held by the Company. Iluka will pay \$25,000 plus the cost of the claims, increase from \$400,000 to \$500,000 the amount relating to the exploration work required to obtain the initial 51% interest and increase from \$2,100,000 to \$2,200,000 the amount relating to the exploration work required to obtain the additional 39% interest. As at June 30, 2017, Iluka spent \$817,523 on exploration work and acquired a 51% interest.

(b) On February 28, 2017, the Company bought from Allen Laporte a 100% interest in 11 claims of the Mosseau property in consideration of \$5,000.

On March 20, 2017, the Company entered into an acquisition agreement with Ressources Tectonic Inc., 3421856 Canada Inc. and Alphonse Beaudoin on the Mosseau property, located east of Lebel-sur-Quévillon, province of Québec. As per the agreement, the Company has the option to acquire a 100% interest in 15 claims from the Mosseau property for a period of 15 months from the date of signature in consideration of \$90,000 in cash and the issuance of shares of the Company with a value of \$65,000 within 5 days following the date of approval of the Stock Exchange and an additional amount of \$60,000 and shares of the Company with a valued of \$65,000 at the end of the option period. As at June 30, 2017, the Company paid \$ 90,000 in cash and remitted \$ 65,000 worth of the Company's shares.

(c) On March 21, 2017, the Company sold to Aurvista Gold Corporation a 10% interest in the 5 claims of the Douay West property in consideration of \$12,500. The loss of \$10,008 arising from this transaction is presented in the financial statements under the caption *Loss on sale of a mining property*.

8 Accounts payable and accrued liabilities

	As at June 30, 2017 \$	As at June 30, 2016 \$
Suppliers	148,186	131,260
Salaries and fringe benefits	26,773	24,992
	<u>174,959</u>	<u>156,252</u>

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

9 Share capital

Authorized

Unlimited number of common shares, voting and participating, without par value

Issued and fully paid

The share capital issued has varied as follows:

	Years ended June 30,			
	2017		2016	
	Number	\$	Number	\$
Balance - Beginning of year	23,259,901	30,012,803	22,704,346	29,973,781
Warrants exercised	388,889	66,851	-	-
Stock options exercised	1,750,000	272,895	-	-
Issuance of shares for the acquisition of a mining property	360,477	65,000	-	-
Issuance of shares for cash consideration (a) (b)	7,400,000	526,382	555,555	43,144
Share issue expenses	-	(87,987)	-	(4,122)
Balance - End of year	33,159,267	30,855,944	23,259,901	30,012,803

(a) On July 31, 2015, the Company made a \$50,000 private placement through the issuance of 555,555 of its shares at a price of \$0.09 per share along with 138,889 share purchase warrants giving the holder the right to subscribe for one common share of the Company at a price of \$0.11 until July 31, 2017. The offering is presented net of the value of the related warrants which was established at \$6,856. Share issue expenses of \$4,122 were incurred by the Company under the private placement.

(b) On July 20, 2016, the Company made a \$740,000 private placement through the issuance of 7,400,000 of its shares at a price of \$0.10 per share along with 7,400,000 share purchase warrants giving the holder the right to subscribe for one common share of the Company at a price of \$0.15 until July 20, 2017. The offering is presented net of the value of the related warrants, which was established at \$213,618. Share issue expenses of \$79,693 were incurred by the Company under the private placement including 300,000 warrants at a price of \$ 0.15 for a 12-month period as intermediation fees.

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(expressed in Canadian dollars)

10 Warrants

The following table presents warrant activity since July 1, 2015 and summarizes information about outstanding and exercisable warrants as at June 30, 2017.

	Years ended June 30,			
	2017		2016	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding and exercisable - Beginning of year	638,889	0.13	540,000	0.17
Granted	7,700,000	0.15	138,889	0.11
Exercised	(388,889)	0.14	-	-
Matured	(500,000)	0.14	(40,000)	0.60
Outstanding and exercisable - End of year	7,450,000	0.15	638,889	0.13

The following table summarizes the maturity dates of outstanding and exercisable warrants:

The 7,450,000 outstanding and exercisable warrants at \$0.15 will mature in July 2017.

The fair value of warrants granted was estimated using the Black-Scholes valuation model with the following assumptions:

	Years ended June 30,	
	2017	2016
Risk-free interest rate	0.57%	0.41%
Expected volatility	157.35%	144.38%
Dividend yield	Nil	Nil
Expected life	1 year	2 years
Fair value of warrants granted	\$0.030	\$0.049

11 Stock options

The Company maintains a stock option plan under which certain key employees, managers, directors, consultants, service providers and investor relations service providers may be granted stock options for shares of the Company. A maximum of 2,270,434 stock options may be granted (maximum of 5% of the number of common shares outstanding in favour of key employees, managers, directors and consultants, and maximum of 2% of the number of common shares outstanding in favour of investor relations service providers).

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Options granted expire after a maximum of ten years following the date of grant. Options vest when granted.

The following table presents the stock options activity since July 1, 2015 and summarizes information about fixed stock options outstanding and exercisable as at June 30, 2017:

	Years ended June 30,			
	2017		2016	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding and exercisable - Beginning of year	2,055,000	0.16	2,060,000	0.16
Granted	100,000	0.10	-	-
Exercised	(1,750,000)	0.10	-	-
Cancelled	-	-	(5,000)	0.50
Outstanding and exercisable - End of year	405,000	0.40	2,055,000	0.16

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2017:

Exercise price	Options outstanding and exercisable Number	Weighted average remaining contractual life (years)	Weighted average exercise price \$
\$0.10	100,000	9.98	0.10
\$0.50	305,000	3.34	0.50

The fair value of stock options granted was estimated using the Black-Scholes valuation model with the following assumptions:

	Year ended June 30, 2017
Risk-free interest rate	1.49%
Expected volatility	105.85%
Dividend yield	Nil
Expected life	10 years
Fair value of stock options granted	\$0.072

Société d'Exploration Minière Vior Inc.

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For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

12 Compensation of key management

Key management includes the directors, the president, the vice-president exploration and the chief financial officer. The short-term employee benefits include salaries for key management and fees for directors. The share-based payments are grants of stock options of the Company.

Compensation awarded to key management included:

	Years ended June 30,	
	2017	2016
	\$	\$
Short-term employee salaries and benefits	295,197	269,302
Share-based compensation	7,218	-
Total compensation of key management	302,415	269,302

13 Search for mining properties

	Years ended June 30,	
	2017	2016
	\$	\$
Salaries and fees	66,436	7,913
Transport	6,974	-
Analysis	2,038	-
Other	5,534	12
	80,982	7,925

14 Deferred tax

The major component of the income tax provision is as follows:

	Years ended June 30,	
	2017	2016
	\$	\$
Deferred income tax	(170,343)	267,271

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For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

The reconciliation of income taxes, calculated using the combined federal and Quebec provincial statutory tax rates, to income taxes presented in the financial statements is detailed as follows:

	Years ended June 30,	
	2017	2016
	\$	\$
Income (loss) before deferred tax	4,661,182	(312,165)
Combined federal and provincial income tax rate of 26.85%	(1,251,527)	83,972
Share issue expenses not affecting earnings	23,625	1,109
Expiry of tax losses	-	(64,840)
Difference between current and future tax rates	(282,252)	273,762
Change in unrecognized deferred tax assets	355,943	237,505
Comprehensive income (loss) not affecting earnings	978,352	(264,577)
Other	5,516	340
Deferred tax	(170,343)	267,271

The significant components of the deferred tax assets and liabilities are as follows:

Recognized deferred tax assets and liabilities:

	As at	As at
	June 30,	June 30,
	2017	2016
	\$	\$
Deferred tax assets		
Non-capital losses	157,619	183,986
Capital losses	-	239,588
	157,619	423,574
Deferred tax liabilities		
Short-term investment	(119,184)	(382,574)
Mining properties	(38,435)	(41,000)
	(157,619)	(423,574)

Presented in the statement of financial position as follows:

Deferred tax assets	-	-
Deferred tax liabilities	-	-

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(expressed in Canadian dollars)

Unrecognized deferred tax assets:

	As at June 30, 2017 \$	As at June 30, 2016 \$
Non-capital losses	528,659	894,901
Property, plant and equipment and intangible assets	13,453	13,058
Issue expenses	21,324	4,517
Mining properties	154,461	161,000
Others	12,482	13,843
	<u>730,379</u>	<u>1,087,319</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income.

As at June 30, 2017, the Company has non-capital losses of \$2,616,388 at the federal level and \$2,554,955 at the provincial level (\$4,048,442 at the federal level and \$3,963,195 at the provincial level as at June 30, 2016) available to reduce taxable income in future years. These losses expire at various dates between 2029 and 2036.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Non-capital losses \$	Capital losses \$	Total \$
As at July 1, 2015	56,000	79,217	135,217
Credited to the statement of income (loss)	127,986	160,371	288,357
As at June 30, 2016	183,986	239,588	423,574
Charged to the statement of income (loss)	(26,367)	(239,588)	(265,955)
As at June 30, 2017	<u>157,619</u>	<u>-</u>	<u>157,619</u>

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(expressed in Canadian dollars)

Deferred tax liabilities

	Short-term investment	Investment in an associate	Mining properties	Total
	\$	\$	\$	\$
As at July 1, 2015	-	79,217	56,000	135,217
Charged (credited) to the statement of income (loss)	118,261	(82,175)	(15,000)	21,086
Charged to other comprehensive income (loss)	264,313	2,958	-	267,271
As at June 30, 2016	382,574	-	41,000	423,574
Credited to the statement of income (loss)	(93,046)	-	(2,565)	(95,611)
Credited to other comprehensive income (loss)	(170,344)	-	-	(170,344)
As at June 30, 2017	119,184	-	38,435	157,619

Deferred tax assets and liabilities in the amount of \$157,619 will be realized after more than 12 months.

As at June 30, 2017, the non-refundable federal investment tax credits and non-refundable provincial tax credits for resources were as follows:

Expiry Date	Federal \$	Expiry Date	Provincial \$
2025	10,225	2018	3,550
2026	1,972		
2027	687		
2028	2,307		
2029	259		
2030	1,098		

These credits can be used up to the amount of income taxes payable for those years. The non-refundable federal investment tax credits and the non-refundable provincial tax credits for resources are not recognized because there is no reasonable assurance that the credits will be realized.

15 Earnings per share

a) The following table presents a reconciliation between the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding:

	2017	2016
Basic weighted average number of shares outstanding	31,016,473	23,214,364
Stock options	156,515	-
Warrants	3,634	-
Diluted weighted average number of shares outstanding	31,176,622	23,214,364

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Items excluded from the calculation of diluted net loss per share because the exercise price was greater than the average quoted value of the common shares.

Stock options	305,000	2,055,000
Warrants	7,450,000	638,889

b) On March 6, 2017, the Company declared a dividend in share of Aurvista Gold Corporation («Aurvista») payable on March 20, 2017 to shareholders of record as of the close of business on March 15, 2017. The dividend value was \$0.345 per share of Aurvista and 13,775,358 shares of Aurvista were distributed for a value of \$4,752,500.

16 Capital management

The Company considers the items included in equity for an amount of \$4,181,804 (\$4,566,599 in 2016) as capital components.

The Company manages and adjusts its capital structure, based on the funds available to it, in order to support the acquisition and exploration of mining properties. Given that the Company is in the mineral exploration business, the Board of Directors does not establish quantitative return on capital criteria for its management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the opinion of management, working capital as at June 30, 2017 will cover the cost of current expenses and the exploration expenditures for the next year.

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

Other operations that affect equity are presented in the statements of changes in equity.

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

There was no change in the approach used by the Company for its capital management for the year ended June 30, 2017.

The Company is not subject to externally imposed capital requirements.

Société d'Exploration Minière Vior Inc.

Notes to Financial Statements

For the years ended June 30, 2017 and 2016

(expressed in Canadian dollars)

17 Financial instruments and fair value measurement

a) Financial instruments

The classification of financial instruments as at June 30, 2017 and 2016 is summarized as follows:

					As at June 30, 2017	
					Carrying value	Fair value
	At fair value through profit or loss	Available-for-sale	Loans and receivables	Financial liabilities at amortized cost	Total	Total
	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash and cash equivalents	-	-	2,409,689	-	2,409,689	2,409,689
Short-term investment	72,247	851,322	-	-	923,569	923,569
Other amounts receivable	-	-	124,529	-	124,529	124,529
	72,247	851,322	2,534,218	-	3,457,787	3,457,787
Financial Liabilities						
Accounts payable and accrued liabilities	-	-	-	153,221	153,221	153,221
	-	-	-	153,221	153,221	153,221
					As at June 30, 2016	
					Carrying value	Fair value
		Available-for-sale	Loans and receivables	Financial liabilities at amortized cost	Total	Total
		\$	\$	\$	\$	\$
Financial Assets						
Cash		-	991,841	-	991,841	991,841
Short-term investment		2,896,012	-	-	2,896,012	2,896,012
Other amounts receivable		-	138,135	-	138,135	138,135
		2,896,012	1,129,976	-	4,025,988	4,025,988
Financial Liabilities						
Accounts payable and accrued liabilities			-	133,748	133,748	133,748
			-	133,748	133,748	133,748

The Company's assets at fair value through profit or loss consist of warrants. Available-for-sale assets consist of shares in a public company. Cash and cash equivalents, other amounts receivable and accounts payable and accrued liabilities are financial instruments whose carrying value approximates their fair value due to their short-term maturity.

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(expressed in Canadian dollars)

b) Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following three levels:

Level 1 – valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the statement of financial position as at June 30, 2017 and as at June 30, 2016, classified using the fair value hierarchy described above:

	As at June 30, 2017		As at June 30, 2016
	Level 1	Level 3	Level 1
Financial assets	\$	\$	\$
Shares	851,322	72,247	2,896,012

On March 31, 2017, the Company transferred, from level 2 to level 1 an amount of \$109,068 of common shares that were no longer on a sale period restriction.

No transfer attributable to changes in the observability of market data was made among the fair value measurement hierarchy levels during the year ended June 30, 2016.

c) Valuation techniques that are used to measure fair value

The fair value of shares is established using the bid price on the most beneficial active market for these instruments that is readily available to the Company. When a bid price is not available, the Company uses the closing price of the most recent transaction on such instrument. If the instrument is subject to a restriction on the sale period, the fair value is discounted and the instrument is classified in level 2.

The fair value of warrants is established through the use of the Black & Scholes pricing model, which uses share price inputs and volatility measurements. If the instrument is on a sale period restriction, the fair value is discounted.

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d) Financial risk factors

The Company's activities expose it to various financial risks, such as credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalent, short-term investment and other amounts receivable. The maximum exposure to credit risk approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security. Financial assets included in other amounts receivable consist of interest and amounts receivable from a partner. The credit risk related to these amounts is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial assets included in amounts receivable is remote, as the Company signed an agreement with a major mining company and that the credit risk related to amounts receivable from a partner is nil, this partner having already paid these amounts. The credit risk related to cash and cash equivalent is limited because the Company deals with a Canadian bank with a high credit rating and its subsidiaries. The Company minimizes its exposure to issuer risk by investing only in products having a high quality investment-grade rating. Exposure to these risks is closely monitored and maintained within the limits stated in the investment policy of the Company, which is revised regularly.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to fulfill its financial obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of \$2,409,689, (\$991,841 as at June 30, 2016) to settle current liabilities of \$174,959 (\$156,252 as at June 30, 2016). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risks such as equity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's current policy is to invest excess cash principally in term deposits or in interest-bearing accounts held with a Canadian bank and its subsidiaries.

For the year ended June 30, 2017, a 1% increase or decrease in interest rates on interest-bearing bank balances would result in an estimated impact of \$23,858 (impact of \$8,041 for the year ended June 30, 2016) on the statements of income (loss) and comprehensive income.

Currency risk

The Company's functional currency is the Canadian dollar, and virtually all of its purchases are made in this currency. As a result, the Company's exposure to currency risk is minimal.

Equity risk

Equity risk is the risk that the fair value of a financial instrument varies due to equity market changes. An investment policy is in place and its application is monitored by the Board of Directors on a quarterly basis.

Changes in fair value of available-for-sale shares are recorded in other comprehensive income. A variation of $\pm 10\%$ of the quoted market prices as at June 30, 2017 would have had a \$73,820 after-tax effect on other comprehensive income (\$250,650 for the year ended June 30, 2016).

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Change in fair value of warrants at fair value through profit or loss are recorded in the statements of income (loss). A variation of $\pm 10\%$ in market prices as at June 30, 2017 would result in an estimated after-tax effect in the statements of income (loss) of \$6,253 (nil for the year ended June 30, 2016).

18 Related party transactions

The Company entered into the following transactions with companies owned by directors:

	2017	2016
	\$	\$
Incurring expenses capitalized in mining properties	-	7,010
Rent and office expenses	19,800	19,800
Search for mining properties	-	377

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Incurring expenses capitalized in mining properties and search for mining properties consist mainly of fees related to exploration and services provided by a company owned by a director of the Company.

Rent and office expenses are issued from renting office space.

19 Subsequent events

a) On July 5, 2017, the Company made a \$328,000 private placement through the issuance of 4,100,000 shares of the Company at a price of \$0.08 per share along with 2,050,000 share purchase warrants giving the holder the right to subscribe for one common share of the Company at a price of \$0.12 until July 5, 2018.

b) On July 31, 2017, the Company established a US subsidiary whose name is VIOR GOLD USA, LLC. This wholly owned subsidiary was established to acquire mining claims and carry out exploration work in the state of Nevada in the United States of America.

c) On August 18, 2017, the Company signed a three-year and one month lease commencing September 1, 2017 and ending September 30, 2020. The rent will be \$22,331 for the first year and will be adjusted to each anniversary date based on changes in operating costs, taxes and energy costs.

d) On September 11, 2017, the Company amended its stock option plan to increase the maximum number of shares that may be issued from 2,270,434 shares to 3,725,926 shares.