HANNAN METALS LTD.

(*formerly Mitchell Resources Ltd.*)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HANNAN METALS LTD. *(formerly Mitchell Resources Ltd.)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	February 28, 2017 $	May 31, 2016 $
ASSETS			
Current assets			
Cash		1,493,247	39,752
GST/VAT receivable		57,284	121
Prepaid expenses		36,816	3,900
Total current assets		1,587,347	43,773
Non-current assets			
Exploration and evaluation assets	4	1,447,420	-
Total non-current assets		1,447,420	-
TOTAL ASSETS		3,034,767	43,773
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	269,805	154,300
Current portion of property acquisition obligation	6	541,134	-
Total current liabilities		810,939	154,300
Non-current liabilities			
Loans and promissory notes payable	5	296,776	528,970
Non-current portion of property acquisition obligation	6	541,135	-
Total non- current liabilities		837,911	528,970
TOTAL LIABILITIES		1,648,850	683,270
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	47,142,801	44,856,869
Share-based payments reserve		3,450,571	3,311,839
Deficit		(49,207,455)	(48,808,205)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		1,385,917	(639,497)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		3,034,767	43,773

Nature of Operations, Going Concern and Name Change - Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 28, 2017 and are signed on its behalf by:

/s/ ***Nick DeMare***	/s/ ***Michael Hudson***
Nick DeMare	Michael Hudson
Director	Director

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

HANNAN METALS LTD. *(formerly Mitchell Resources Ltd.)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended February 28, 2017 $	Three Months Ended February 29, 2016 $	Nine Months Ended February 28, 2017 $	Nine Months Ended February 29, 2016 $
Expenses					
Accounting and administration	8	13,842	2,400	21,542	12,300
Accretion of property acquisition obligation	6	8,856	-	8,856	-
Audit		-	-	9,500	10,710
Corporate development		2,343	-	2,343	-
General exploration		8,733	-	8,733	-
Insurance		7,525	-	7,525	-
Legal		3,590	-	8,992	267
Office		9,103	104	9,534	720
Management and director compensation	8	58,992	13,650	86,292	40,950
Professional fees		35,118	-	35,118	-
Regulatory fees		2,476	2,540	11,595	6,819
Share-based compensation	7(e)	35,483	26,598	130,255	26,598
Shareholder costs		4,094	77	6,642	1,630
Transfer agent fees		8,522	2,030	13,964	5,267
Travel		36,914	-	36,914	-
		235,591	47,399	397,805	105,261
Loss before other items		(235,591)	(47,399)	(397,805)	(105,261)
Other items					
Interest income		1,032	128	1,228	505
Foreign exchange		15,029	(7)	15,120	20
Interest expense	5	(4,009)	(6,911)	(17,793)	(21,096)
		12,052	(6,790)	(1,445)	(20,571)
Net and comprehensive loss for the period		(223,539)	(54,189)	(399,250)	(125,832)
Basic and diluted loss per common share		$(0.01)	$(0.00)	$(0.03)	$(0.01)
Weighted average number of common shares outstanding		18,204,172	10,522,989	13,110,330	10,444,489

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

(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended February 28, 2017				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Deficiency $
Balance at May 31, 2016	10,522,989	44,856,869	3,311,839	(48,808,205)	(639,497)
Common shares issued for cash:					
- private placements	16,286,000	2,294,450	-		2,294,450
- exercise of share options	612,500	61,250	-	-	61,250
- exercise of warrants	37,500	3,750	-		3,750
Share issue costs	-	(98,874)	33,833	-	(65,041)
Transfer on exercise of share options	-	25,356	(25,356)	-	-
Share-based compensation	-	-	130,255	-	130,255
Net loss for the period	-	-	-	(399,250)	(399,250)
Balance at February 28, 2017	27,458,989	47,142,801	3,450,571	(49,207,455)	1,385,917

	Nine Months Ended February 29, 2016				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Deficiency $
Balance at May 31, 2015	10,365,989	44,841,169	3,285,241	(48,657,789)	(531,379)
Common shares issued for cash:					
- exercise of warrants	157,000	15,700	-	-	15,700
Share-based compensation	-	-	26,598	-	26,598
Net loss for the period	-	-	-	(125,832)	(125,832)
Balance at February 29, 2016	10,522,989	44,856,869	3,311,839	(48,783,621)	(614,913)

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

HANNAN METALS LTD. *(formerly Mitchell Resources Ltd.)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended	
	February 28, 2017 $	February 29, 2016 $
Operating activities		
Net income (loss) for the period	(399,250)	(125,832)
Adjustments for:		
Accretion of property acquisition obligation	8,856	-
Interest expense	17,793	21,096
Share-based compensation	130,255	26,598
Changes in non-cash working capital items:		
GST/VAT receivable	(57,163)	(111)
Prepaid expenses	(32,916)	3,700
Accounts payable and accrued liabilities	104,638	39,576
Net cash used in operating activities	(227,787)	(34,973)
Investing activities		
Cash acquired on Acquisition	7,514	-
Advances to Hannan BC prior to Acquisition	(67,000)	-
Exploration and evaluation assets	(9,659)	-
Net cash used in investing activities	(69,145)	-
Financing activities		
Issuance of common shares	2,359,450	15,700
Share issue costs	(65,041)	-
Repayment of loans and accrued interest	(543,982)	(11,700)
Net cash provided by financing activities	1,750,427	4,000
Net change in cash during the period	1,453,495	(30,973)
Cash at beginning of period	39,752	75,410
Cash at end of period	1,493,247	44,437

Supplemental cash flow information - Note 12

1. Nature of Operations, Going Concern and Name Change

The Company was incorporated under the provisions of the Company Act (British Columbia). On January 10, 2017 the Company changed its name from Mitchell Resources Ltd. to Hannan Metals Ltd. The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties. On January 9, 2017 the Company closed on an agreement to acquire prospecting licenses in Ireland, as described in Note 3. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at February 28, 2017 the Company had working capital in the amount of $776,408. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and retire its property acquisition obligation as it becomes due in the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to February 28, 2017.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended May 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended May 31, 2016.

Basis of Measurement

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

In addition to the Company, the condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

The subsidiaries of the Company as at February 28, 2017 are as follows:

Company	Location of Incorporation	Ownership Interest
Hannan Metals BC Ltd. ("Hannan BC")	British Columbia, Canada	100%
Hannan Metals Ireland Limited ("Hannan Ireland")	Ireland	100%

3. Acquisition

On January 9, 2017 the Company completed an agreement (the "Share Purchase Agreement") with the shareholders of Hannan BC, a private British Columbia company, to acquire all of the issued and outstanding shares of Hannan BC (the "Acquisition") for cash consideration of $20 and the assumption of all debts owed by Hannan BC and its wholly-owned subsidiary, Hannan Ireland. See also Note 4.

The Company incurred $28,929 for legal, filing and other costs associated with the transactions conducted pursuant to the Acquisition. These transactions costs were capitalized to exploration and evaluation assets.

The Acquisition was accounted for as an acquisition of the net assets of Hannan BC, as follows:

	$
Cash paid	20
Assumption of accounts payable	12,317
Assumption of promissory notes and accrued interest payable	293,995
Advances to Hannan BC prior to Acquisition	67,000
Property acquisition obligation	1,081,051
Costs incurred	28,929
Acquisition cost	1,483,312

The Acquisition cost was generally allocated to the individual identifiable assets and liabilities on the basis of their relative fair value at the date of purchase. The results of operations were recorded from the effective date of purchase.

Cost of the net assets acquired consists of:

	$
Net working capital	45,551
Exploration and evaluation assets	1,437,761
Net assets acquired	1,483,312

On closing of the Acquisition, Hannan BC became a wholly-owned subsidiary of the Company.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	Ireland Clare Project $
Balance at May 31, 2016	-
Exploration costs	
Consulting	5,320
Ground geophysics	2,434
Metallurgy	1,905
	9,659
Acquisition cost allocated (Note 3)	1,437,761
Balance at February 28, 2017	1,447,420

Hannan Ireland is the registered holder of a 100% interest in seven prospecting licences located in County Clare, Ireland (the "Licences"), which were transferred to Hannan Ireland effective September 21, 2016 pursuant to an Assignment Agreement (the "Assignment Agreement"). Under a separate asset purchase agreement dated June 3, 2016 (the "Asset Purchase Agreement") between Hannan Ireland and Lundin Mining Exploration Limited ("Lundin"), Hannan Ireland purchased all exploration data associated with the Licences from Lundin for an initial cash payment of US $150,000 and must make two additional cash payments to Lundin of US $425,000 on each of September 21, 2017 and March 21, 2018.

Pursuant to the Asset Purchase Agreement, Hannan Ireland is required to pay Lundin a one-time bonus payment of US $5,000,000 within the earlier of: (i) Hannan Ireland's decision to proceed with mine construction, or: (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction. Additionally, Hannan Ireland will be required to pay a one-time cash fee of US $2,000,000 less cash payments already made to Lundin, if it transfers its rights to the Licences to an arm's length party (which excludes the Company) for US $10,000,000 or greater within 18 months of the execution of the Asset Purchase Agreement. Pursuant to a royalty agreement dated June 3, 2016 (the "Royalty Agreement") between Hannan Ireland and Lundin, Lundin retained a 2% net smelter return royalty (the "'NSR") on all sales of mineral products extracted from the area of land subject to the Licences, subject to a 0.5% buy back right of Hannan Ireland for US $5,000,000, which must be exercised within one year from the date of commercial production (the "Buy-Back Option").

5. Promissory Notes and Loans

	February 28, 2017 $	May 31, 2016 $
Promissory notes (a)	290,100	-
Loans payable (b)	-	462,848
	290,100	462,848
Accrued interest and financing fee	6,676	66,122
	296,776	528,970

(a) The promissory notes bear interest at 7% per annum. The principal amounts and accrued interest are due and payable on December 31, 2018. During the nine months ended February 28, 2017 the Company recorded $6,676 of interest expense. The promissory notes are held by an individual shareholder and two private corporations that are shareholders of the Company.

(b) The Company had previously received loans from DNG Capital Corp. ("DNG") a private company owned by the President of the Company. The loans bore interest at a rate of 6% per annum on all outstanding principal amounts. During the nine months ended February 28, 2017 the Company recorded $15,012 (2016 - $21,096) of interest expense. The Company then repaid the principal balance of $462,848 and the outstanding accrued interest of $81,134.

(Unaudited - Expressed in Canadian Dollars)

6. Property Acquisition Obligation

On January 9, 2017 the Company completed the Share Purchase Agreement, as described in Notes 3 and 4. Pursuant to the Asset Purchase Agreement the Company must make two additional cash payments of US $425,000 on each of September 21, 2017 and March 21, 2018. The obligation has been measured at the discounted value of the future payments. The discounted value is accreted to the future value over the period of payment obligation. As at February 28, 2017 the Company applied a discount rate of 5% to the future payments.

A continuity of the property acquisition obligation for the Clare Project is as follows:

	$
Property acquisition obligation recorded on Acquisition	1,081,051
Accretion of property acquisition obligation	8,856
Foreign exchange adjustment	(7,638)
Balance at February 28, 2017	1,082,269

7. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Share Consolidation*

On July 6, 2016 the Company completed a consolidation of its share capital on a one new for two old basis. The shares and per share amounts have been adjusted within these financial statements to reflect the share consolidation.

(c) *Equity Financings*

During the nine months ended February 28, 2017 the Company:

(i) completed a non-brokered private placement of 10,486,000 common shares, at a price of $0.075 per share for proceeds of $786,450. Directors, officers and close family members purchased 2,870,084 common shares for $215,256; and

(ii) completed a non-brokered private placement financing of 5,800,000 units, at a price of $0.26 per unit for proceeds of $1,508,000. Each unit consisted of one common share of the Company and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase an additional common share, at an exercise price of $0.40 per share, expiring February 17, 2018.

The Company paid a finder's fee of $35,880 cash and issued 138,000 finder's warrants. The finder's warrants have the same terms as the private placement unit warrants. The fair value of the finder's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.64%; expected volatility of 173%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the finder's warrants was $33,833. The weighted average fair value of the finder's warrants issued was $0.24 per warrant.

The Company incurred a total of $29,161 for legal and filing costs associated with these private placements.

No equity financings were completed by the Company during fiscal 2016.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2017 and February 29, 2016 and the changes for the nine months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	1,283,700	0.20	1,440,700	0.19
Issued	3,038,000	0.40	-	-
Exercised	(37,500)	0.10	(157,000)	0.10
Balance, end of period	4,284,200	0.34	1,283,700	0.20

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2017:

Number	Exercise Price $	Expiry Date
3,038,000	0.40	February 17, 2018
277,250	0.40	August 2, 2018
112,500	0.40	August 12, 2018
118,950	0.20	November 12, 2018
737,500	0.10	March 5, 2020
4,284,200		

(e) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the nine months ended February 28, 2017 the Company granted share options to purchase 1,196,000 (2016 - 642,500) common shares and recorded compensation expense of $130,255 (2016 - $26,598).

The fair value of share options granted is estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	0.63% - 1.19%	0.53%
Estimated volatility	126.25% - 141.53%	134.17%
Expected life	3 years - 5 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the nine months ended February 28, 2017 was $0.11(2016 - $0.02) per share option.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at February 28, 2017 and February 29, 2017 and the changes for the nine months ended on those dates, is as follows:

	2017		2016	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	642,500	0.10	-	-
Granted	1,196,000	0.13	642,500	0.10
Exercised	(612,500)	0.10	-	-
Balance, end of period	1,226,000	0.12	642,500	0.10

The following table summarizes information about the share options outstanding and exercisable at February 28, 2017:

Number	Exercise Price $	Expiry Date
30,000	0.10	December 3, 2018
75,000	0.40	February 13, 2020
921,000	0.10	November 14, 2021
150,000	0.10	November 15, 2021
50,000	0.26	February 1, 2022
1,226,000		

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

Management personnel include those persons having authority or responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that the management personnel consists of the Chief Executive Officer, the President, the Vice-President of Exploration and the Chief Financial Officer of the Company. During the nine months ended February 28, 2017 and February 29, 2016 the following amounts were incurred with respect to these positions:

	2017 $	2016 $
Management compensation	61,592	24,300
Share-based compensation	15,928	9,832
	77,520	34,132

As at February 28, 2017, $136,442 (May 31, 2016 - $97,200) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

(i) During the nine months ended February 28, 2017 and February 29, 2016 the following amounts were incurred with respect to the positions of non-management directors of the Company:

	2017 $	2016 $
Director compensation	16,650	16,650
Share-based compensation	20,795	10,557
	37,445	27,207

As at February 28, 2017, $63,250 (May 31, 2016 - $56,600) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended February 28, 2017 the Company incurred a total of $18,250 (2016 - $12,300) for accounting and administration services provided by Chase Management Ltd., a private corporation owned by the President of the Company. As at February 28, 2017, $5,900 (May 31, 2016 - $300) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) The Company shares personnel, office and other costs with a public company with certain common directors. During the nine months ended February 28, 2017 the Company incurred $8,050 for expenses. As at February 28, 2017, $8,050 remained unpaid and has been included in accounts payable and accrued liabilities.

(d) See also Notes 5 and 7(c).

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2017 $	May 31, 2016 $
Cash	FVTPL	1,493,247	39,752
Accounts payable and accrued liabilities	Other financial liabilities	(269,805)	(154,300)
Current portion of property asset obligation	Other financial liabilities	(541,134)	-
Promissory notes and loans	Other financial liabilities	(296,776)	(528,970)
Property asset obligation	Other financial liabilities	(541,135)	-

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

9. Financial Instruments and Risk Management (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities and promissory notes and loans approximate their fair value due to their short-term nature. The Company's cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and GST/VAT receivable. Management believes that the credit risk concentration with respect to cash and GST/VAT receivable is remote as cash is held with a high quality financial institution and GST/VAT receivable represents amounts due from the Government of Canada and Government of Ireland.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The Company has financial liabilities classified as current that are due within the next fiscal period. The Company will need to obtain additional financing to meet the obligations as they come due. See Note 1.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant. The Company has interest bearing debt at fixed rates and is therefore not subject to fluctuating interest rate risk on its non-current loans.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, US Dollars and Euros. The Company maintains Euros bank accounts in Ireland and a US Dollar bank account with its Canadian bank to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At February 28, 2017, 1 Canadian Dollar was equal to 0.71 Euro and 0.75 US Dollar.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Balances are as follows:

	Euros	US Dollars	CDN $ Equivalent
Cash	24,598	561,128	777,979
VAT receivable	37,184	-	52,297
Accounts payable and accrued liabilities	-	(3,440)	(4,557)
Property acquisition obligation	-	(815,445)	(1,082,269)
	61,782	(257,757)	(256,550)

Based on the net exposures as of February 28, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro and US Dollar would result in the Company's net loss being approximately $28,500 higher (or lower).

10. Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. 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 development of the business. The Company defines capital that it manages as components of shareholders' deficiency. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the approach to capital management during the period.

The Company does not expect its current capital resources will be sufficient to meet all of its operating requirements and debt retirement obligations and is dependent upon future equity or debt transactions to meet these obligations. See also Note 1.

11. Segmented Information

On January 9, 2017 the Company closed on an agreement to acquire prospecting licenses in Ireland. Its corporate assets, comprising mainly of cash, are located in Canada. The Company has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	As a February 28, 2017		
	Canada $	Ireland $	Total $
Current assets	1,500,454	86,893	1,587,347
Exploration and evaluation assets	-	1,447,420	1,447,420
	1,500,454	1,534,313	3,034,767

	As a May 31, 2016		
	Canada $	Ireland $	Total $
Current assets	43,773	-	43,773

(Unaudited - Expressed in Canadian Dollars)

12. Supplemental Cash Flow Information

During the nine months ended February 28, 2017 and February 29, 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Operating activity		
Accounts payable and accrued liabilities	1,468	-
Investing activities		
Exploration and evaluation assets	(1,468)	-
Property acquisition obligation	(1,437,761)	-
	(1,439,229)	-
Financing activity		
Property acquisition	1,437,761	-