

NIKOS EXPLORATIONS LTD.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016 and 2015
UNAUDITED – PREPARED BY MANAGEMENT**

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE

The accompanying unaudited condensed interim financial statements of Nikos Explorations Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

NIKOS EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION - UNAUDITED
(Expressed in Canadian Dollars)

		December 31, 2016 (\$)	September 30, 2016 (\$)
	Note		
ASSETS			
Current assets			
Cash		213,221	10,019
Amounts receivable		1,468	3,530
		214,689	13,549
Non-current assets			
Unproven mineral right interests	3, 4	547,830	539,681
		762,519	553,230
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and accrued liabilities	3	35,932	49,697
Shareholders' equity			
Share capital	2	9,777,317	9,540,767
Share-based payments reserve	2	278,030	274,968
Deficit		(9,328,760)	(9,312,202)
		726,587	503,533
		762,519	553,230
Nature of operations and going concern	1		
Subsequent events	6		

On behalf of the Board:

"James Borland"

Director

"Trevor Boyd"

Director

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

NIKOS EXPLORATIONS LTD.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS - UNAUDITED**

(Expressed in Canadian Dollars)

		Three months ended	
		December 31,	
	Note	2016	2015
		(\$)	(\$)
EXPENSES			
General and administration expenses			
Consulting fees	3	2,400	-
Management fees	3	3,000	3,000
Office and miscellaneous		2,422	121
Professional fees	3	980	129
Regulatory and transfer fees		3,488	2,533
Share-based compensation	2	3,062	-
Shareholder communications		1,206	300
		16,558	6,083
Net loss and comprehensive loss		(16,558)	(6,083)
Weighted average number of shares outstanding		18,140,761	12,295,074
Basic and diluted loss per share		-	-

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

NIKOS EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY - UNAUDITED
(Expressed in Canadian Dollars)

	Note	Share Capital No. of Shares	Amount (\$)	Deficit (\$)	Share-based payments reserve (\$)	Total Shareholders' Equity (\$)
Balance -						
October 1, 2015		12,295,074	9,213,475	(9,230,758)	267,616	250,333
Net loss		-	-	(6,083)	-	(6,083)
Balance -						
December 31, 2015		12,295,074	9,213,475	(9,236,841)	267,616	244,250
Acquisition of unproven mineral right interests	4	1,600,000	102,000	-	-	102,000
Deferred exploration expenses settled with shares	2	150,000	9,000	-	-	9,000
Private placement, net of issue costs	2	3,536,667	186,850	-	-	186,850
Exercise of options	2	300,000	29,442	-	(14,442)	15,000
Share-based compensation	2	-	-	-	21,794	21,794
Net loss		-	-	(75,361)	-	(75,361)
Balance -						
September 30, 2016		17,881,741	9,540,767	(9,312,202)	274,968	503,533
Balance -						
October 1, 2016		17,881,741	9,540,767	(9,312,202)	274,968	503,533
Private placement, net of issue costs	2	2,978,734	236,550	-	-	236,550
Share-based compensation	2	-	-	-	3,062	3,062
Net loss		-	-	(16,558)	-	(16,558)
Balance -						
December 31, 2016		20,860,475	9,777,317	(9,328,760)	278,030	726,587

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

NIKOS EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS - UNAUDITED
(Expressed in Canadian Dollars)

	Three months ended December 31,	
	2016	2015
	(\$)	(\$)
CASH USED IN OPERATING ACTIVITIES		
Net loss	(16,558)	(6,083)
Items not affecting cash:		
Share-based payments	3,062	-
Changes in non-cash working capital items:		
Amounts receivable	2,062	2,013
Amounts payable and accrued liabilities	(5,297)	3,429
Net cash used in operating activities	(16,731)	(641)
CASH PROVIDED BY FINANCING ACTIVITIES		
Issue of common shares for cash (Note 2)	236,550	-
Net cash provided by financing activities	236,550	-
CASH USED IN INVESTING ACTIVITIES		
Unproven mineral right interests - exploration	(16,617)	(2,021)
Net cash used in investing activities	(16,617)	(2,021)
Increase (decrease) in cash	203,202	(2,662)
Cash, beginning of the period	10,019	3,745
Cash, end of the period	213,221	1,083

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

NIKOS EXPLORATIONS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

1. REPORTING ENTITY AND BASIS OF PRESENTATION

a) Reporting Entity

Nikos Explorations Ltd. ("Nikos" or the "Company") is a company domiciled in Canada and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company's principal office is located at Suite 1260-355 Burrard Street, Vancouver, B.C., V6C 2G8, Canada.

The Company's principal business activities are the acquisition and exploration of mineral right interests.

b) Continuance of Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") applicable to a going concern, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At December 31, 2016, the Company had no source of operating cash flow. Operations in recent years have been funded from proceeds from the issuance of equity and cash on hand (Note 2(a)).

Given its current stage of operations, the Company's ability to continue as a going concern is heavily contingent upon its ability to obtain additional financing. If the Company is unable to obtain additional financing in the future, the carrying value of the Company's assets could be subject to material adjustments.

These interim financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

c) Statement of Compliance

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2016.

These interim financial statements were authorized for issue by the board of directors of the Company on February 24, 2017.

d) Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

1. REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

e) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended September 30, 2016.

2. EQUITY

a) Share Capital

Authorized share capital consists of an unlimited number of common shares without par value.

On January 6, 2016, the Company issued an aggregate of 150,000 shares valued at \$9,000 and 150,000 warrants to the Brunswick House, Chapleau Cree and Chapleau Ojibway First Nations, in connection with a Memorandum of Understanding with respect to the Company's Borden Lake Extension project, located near Chapleau, Ontario. Each warrant is exercisable into one additional share at a price of \$0.05 and has a five year term.

On January 18, 2016, the Company issued 1,450,000 shares valued at \$87,000 for the acquisition of unproven mineral right interests (Note 4).

On March 30, 2016, the Company closed a non-brokered private placement for gross proceeds of \$35,000 from the sale of 1,400,000 units at a price of \$0.025 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.05 for a one year period. A further \$10,100 was raised from the sale of 336,667 flow-through units at a price of \$0.03 per unit. Each flow through unit consisted of one share and one-flow through warrant exercisable into one additional share at a price of \$0.05 for a one year period.

On April 12 and 14, 2016, the Company received proceeds of \$15,000 from the exercise of 300,000 options. The Company also reclassified \$14,442 of previously recorded share-based compensation payment reserve amounts with the exercise of these options.

On May 10, 2016, the Company issued 150,000 shares valued at \$15,000 for the acquisition of unproven mineral right interests (Note 4).

On June 7, 2016, the Company closed a non-brokered private placement for gross proceeds of \$132,000 from the sale of 1,650,000 units at a price of \$0.08 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.15 for a two year period. A further \$10,000 was raised from the sale of 100,000 flow-through units at a price of \$0.10 per unit. Each flow through unit consisted of one share and one-half of a flow through warrant. Each full warrant is exercisable into one additional share at a price of \$0.15 for a two-year period. Finders' fees of \$250 in cash and 50,000 in shares of the Company were paid on a portion of the private placement.

On December 23, 2016, the Company issued 1,755,000 units priced at \$0.08 per unit. Each unit consisted of one common share of the Company and one share purchase warrant entitling the holders thereof to purchase one additional common share of the Company at a price of \$0.13 for a period of two years. The Company also issued 1,068,334 common shares on a flow-through basis priced at \$0.09 per share. Finders fees comprised of 155,400 common shares of the Company were issued in connection with this private placement. The securities issued have a hold period expiring on April 24, 2017.

2. EQUITY (continued)

b) Equity Reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

c) Share Options

On February 9, 2016, the Company granted 700,000 share purchase options to directors, officers and consultants. The options vest over one year, with 25% vesting every three months beginning on May 9, 2016, are exercisable at a price of \$0.06 per share and have a five year term to February 9, 2021.

The weighted average fair value of these options was estimated at \$0.0371 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

- Weighted average share price: \$0.04
- Weighted average exercise price: \$0.06
- Dividend yield: 0%
- Risk-free interest rate: 0.51%
- Pre-vest forfeiture rate: 0%
- Expected life (years): 5 years
- Expected volatility: 167.47%

A compensation cost of \$3,062 associated with vested options was recognized during the quarter ended December 31, 2016 (quarter ended December 31, 2015: \$nil).

The continuity of the number of share options outstanding is summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$)
At start of the period	1,000,000	0.06
At end of period	1,000,000	0.06
Exercisable	825,000	0.06

At December 31, 2016, the weighted average exercise price of options outstanding was \$0.06 (September 30, 2016: \$0.06) and their weighted average remaining contractual life was 3.47 years (September 30, 2016: 3.72 years).

d) Warrants

On January 6, 2016, the Company issued 150,000 warrants to the Brunswick House, Chapleau Cree and Chapleau Ojibway First Nations. Each warrant is exercisable into one share of the Company at a price of \$0.05 and has a five-year term to January 6, 2021. The warrants vest 25% on January 5, 2016, 25% on March 24, 2016, 25% on September 24, 2016 and 25% on March 24, 2017.

NIKOS EXPLORATIONS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Expressed in Canadian Dollars)

2. EQUITY (continued)

On February 2, 2016, a total of 1,600,000 warrants with an exercise price of \$0.10 per share expired unexercised.

On March 25, 2016, a total of 1,400,000 warrants with an exercise price of \$0.15 per share expired unexercised.

On March 30, 2016, the Company issued 1,736,666 warrants exercisable into one Company share at a price of \$0.05 for a one-year period.

On June 7, 2016, the Company issued 1,650,000 warrants exercisable into one Company share at a price of \$0.15 for a two-year period.

On June 7, 2016, the Company issued 50,000 warrants exercisable into one Company share at a price of \$0.15 for a two-year period.

On December 23, 2016, the Company issued 1,755,000 warrants exercisable into one Company share at a price of \$0.13 for two-year period.

The continuity of the number of warrants outstanding is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
At start of the period	3,586,667	0.10
Granted	1,755,000	0.13
At end of period	5,341,667	0.11
Vested and exercisable	5,304,167	0.11

3. RELATED PARTY TRANSACTIONS

a. Trading transactions

The Company's related parties consist of a proprietorship controlled by the Company's Chief Executive Officer ("CEO") and a company controlled by the Company's Chief Financial Officer ("CFO").

	Nature of Transaction
Moss Explorations Services	Management and geological services
Delphis Financial Strategies Inc.	Management

The Company incurred the following fees in the normal course of operations in connection with the companies controlled by key management. Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

NIKOS EXPLORATIONS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Expressed in Canadian Dollars)

3. RELATED PARTY TRANSACTIONS (continued)

	Note	Three months ended December 31,	
		2016	2015
		\$	\$
Management and consulting fees	(i)	5,400	3,000
Geological consulting fees	(ii)	3,600	2,850
		9,000	5,850

- i. During the quarter ended December 31, 2016, the Company incurred management and consulting fees of \$3,000 (quarter ended December 31, 2015: \$ 3,000) for accounting services provided by a company controlled by the Company's CFO and \$2,400 (quarter ended December 31, 2015: \$nil) for consulting fees for services provided by a proprietorship controlled by the Company's CEO.
- ii. During the quarter ended December 31, 2016, the Company incurred geological consulting fees of \$3,600 (quarter ended December 31, 2015: \$2,850) for services provided by a proprietorship controlled by the Company's CEO.
- iii. Included in accounts payable and accrued liabilities as at December 31, 2016 is \$23,253 (September 30, 2016: \$30,866) owing to the Company's CEO and a company controlled by the Company's CFO.
- iv. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

b. Key Management Compensation

The remuneration of members of key management during the quarters ended December 31, 2016 and 2015 is as follows:

	Three months ended December 31,	
	2016	2015
Management and geological consulting fees	9,000	5,850
Share-based payments	1,050	-
	10,050	5,850

4. UNPROVEN MINERAL RIGHT INTERESTS

On December 14, 2012, the Company entered into an option agreement to earn a 100% interest in the Borden Lake Extension Property (the "Property") located near Chapleau, Ontario. The 1,598 hectare property lies immediately east of Goldcorp's Borden Lake gold project.

The Company earned a 100% undivided interest in the Property by making the following payments, all of which have been completed:

- Making an initial payment of \$3,000 and issuing 50,000 shares;
- Paying \$15,000, issuing 50,000 shares and incurring exploration expenditures of \$40,000 on the Property on or before December 14, 2013 (renegotiated and completed with a cash payment of \$6,000 and the issuance of 170,000 shares);

4. UNPROVEN MINERAL RIGHT INTERESTS (continued)

- Paying \$27,000, issuing 50,000 shares and incurring cumulative exploration expenditures on the Property of \$140,000 on or before December 14, 2014;
- Paying \$55,000, issuing 50,000 shares and incurring cumulative exploration expenditures on the Property of \$340,000 on or before December 14, 2015 (renegotiated and completed in January 2016 with a cash payment of \$20,000 and the issuance of 1,450,000 shares).

The vendors retain a 2% net smelter return (“NSR”) royalty, half of which may be bought back by Nikos for \$1 million at any time.

On May 13, 2014, the Company entered into an option agreement to earn a 100% interest in six claims located to the south of the Property (the “Additional Claims”). The terms of the option are the following:

- On receipt of TSX-V approval: payment of \$6,000 and issuance of 75,000 shares (completed)
- On or before May 13, 2015: payment of \$15,000 and issuance of 105,000 shares (completed)
- On or before May 13, 2016: payment of \$24,000 and issuance of 150,000 shares (completed)
- On or before May 13, 2017: payment of \$36,000 and issuance of 180,000 shares;
- A 2% NSR royalty, half of which may be bought back by Nikos for \$1million at any time; and
- On receipt of a National Instrument 43-101 compliant report showing an indicated resource of at least 1million ounces of gold: payment of \$600,000.

On November 26, 2014, Nikos announced the addition of a further five claims to the option agreement to purchase the Additional Claims. The Company paid consideration to the vendors of an amount equal to the staking costs of these five claims, and they are incorporated into the option agreement dated May 13, 2014, with terms indicated above.

On April 28, 2016, Nikos announced the addition of nine claims tying on to the south of the Property. The Company paid consideration to the vendors of an amount equal to the staking costs of these nine claims. With the addition of these nine claims, the area of the Property was increased to approximately 55 square kilometres.

NIKOS EXPLORATIONS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Expressed in Canadian Dollars)

4. UNPROVEN MINERAL RIGHT INTERESTS (continued)

As at December 31, 2016 the Company had incurred the following acquisition and development costs on the Property:

	At September 30, 2016 \$	Three months ended December 31, 2016 \$	At December 31, 2016 \$
Acquisition costs	260,785	-	260,785
Exploration costs:			
Automobile	9,857	904	10,761
Assays	25,164	-	25,164
Community relations	10,641	-	10,641
Exploration administration and field supplies	2,852	14	2,866
Food and accomodation	8,595	881	9,476
Geological consulting	69,924	3,600	73,524
Geophysical	151,863	2,750	154,613
	278,896	8,149	287,045
	539,681	8,149	547,830

Ownership in mineral right interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the ambiguous conveyance history of many mineral right interests. The Company has investigated ownership of its mineral right interests and, to the best of its knowledge, ownership of its interests are in good standing.

5. SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2016, net exploration costs included in amounts payable and accrued liabilities were \$18,558 (September 30, 2016: \$27,025).

During the period ended December 31, 2016, the Company issued 155,400 shares in settlement of finders' fees.

6. SUBSEQUENT EVENTS

Subsequent to December 31, 2016:

- a) The Company issued 3,875,000 units priced at \$0.08 per unit. Each unit consisted of one common share of the Company and one share purchase warrant entitling the holders thereof to purchase one additional common share of the Company at a price of \$0.13 for a period of two years. Finders fees comprised of 271,1250 common shares of the Company were issued in connection with this private placement. The securities issued have a hold period expiring on June 3, 2017.
- b) The Company issued 60,000 shares in connection with a warrant exercise, for proceeds of \$3,000.