

# **NIKOS EXPLORATIONS LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE and SIX MONTHS ENDED MARCH 31, 2017 and 2016  
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)

	Note	March 31, 2017 (\$)	September 30, 2016 (\$)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		325,752	10,019
Amounts receivable		8,574	3,530
		334,326	13,549
<b>Non-current assets</b>			
Unproven mineral right interests	3, 4	829,564	539,681
		1,163,890	553,230
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amounts payable and accrued liabilities	3	154,052	49,697
<b>Shareholders' equity</b>			
Share capital	2	10,091,192	9,540,767
Share-based payments reserve	2	370,810	274,968
Deficit		(9,452,164)	(9,312,202)
		1,009,838	503,533
		1,163,890	553,230
<b>Nature of operations and going concern</b>	1		
<b>On behalf of the Board:</b>			
"James Borland"		"Trevor Boyd"	
Director		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		Six months ended	
		March 31,		March 31,	
	Note	2017	2016	2017	2016
		(\$)	(\$)	(\$)	(\$)
<b>EXPENSES</b>					
General and administration expenses					
Consulting fees	3	112	1,575	2,512	1,575
Management fees	3	3,000	3,000	6,000	6,000
Office and miscellaneous		345	1,038	2,767	1,159
Professional fees	3	11,269	9,654	12,249	9,783
Regulatory and transfer fees		14,752	9,597	18,240	12,130
Share-based compensation	2	92,780	4,503	95,842	4,503
Shareholder communications		1,146	711	2,352	1,011
		123,404	30,078	139,962	36,161
<b>Net loss and comprehensive loss</b>		(123,404)	(30,078)	(139,962)	(36,161)
<b>Weighted average number of shares outstanding</b>		23,523,267	13,617,455	20,802,440	12,952,651
<b>Basic and diluted loss per share</b>		(0.01)	-	(0.01)	-

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		Deficit	Share-based payments reserve	Total Shareholders' Equity
		No. of Shares	Amount (\$)	(\$)	(\$)	(\$)
Balance -						
October 1, 2015		12,295,074	9,213,475	(9,230,758)	267,616	250,333
Acquisition of unproven mineral right interests		1,450,000	87,000	-	-	87,000
Deferred exploration expenses settled with shares	2	150,000	9,000	-	-	9,000
Private placement, net of issue costs		1,736,667	45,100	-	-	45,100
Share-based compensation		-	-	-	4,503	4,503
Net loss		-	-	(36,161)	-	(36,161)
Balance -						
March 31, 2016		15,631,741	9,354,575	(9,266,919)	272,119	359,775
Acquisition of unproven mineral right interests	4	150,000	15,000	-	-	15,000
Private placement, net of issue costs	2	1,800,000	141,750	-	-	141,750
Exercise of options	2	300,000	29,442	-	(14,442)	15,000
Share-based compensation	2	-	-	-	17,291	17,291
Net loss		-	-	(45,283)	-	(45,283)
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	7,124,984	546,550	-	-	546,550
Exercise of warrants	2	77,500	3,875	-	-	3,875
Share-based compensation	2	-	-	-	95,842	95,842
Net loss		-	-	(139,962)	-	(139,962)
Balance -						
March 31, 2017		25,084,225	10,091,192	(9,452,164)	370,810	1,009,838

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	
	March 31,	
	2017	2016
	(\$)	(\$)
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Net loss	(139,962)	(36,161)
Items not affecting cash:		
Share-based payments	95,842	4,503
Changes in non-cash working capital items:		
Amounts receivable	(5,044)	3,104
Amounts payable and accrued liabilities	2,347	13,327
Net cash used in operating activities	(46,817)	(15,227)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Issue of common shares for cash (Note 2)	550,425	45,100
Net cash provided by financing activities	550,425	45,100
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Unproven mineral right interests - acquisition	-	(20,000)
Unproven mineral right interests - exploration	(187,875)	(3,752)
Net cash used in investing activities	(187,875)	(3,752)
<b>Increase in cash</b>	<b>315,733</b>	<b>26,121</b>
<b>Cash, beginning of the period</b>	<b>10,019</b>	<b>3,745</b>
<b>Cash, end of the period</b>	<b>325,752</b>	<b>29,866</b>

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

**NIKOS EXPLORATIONS LTD.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

MARCH 31, 2017

(Expressed in Canadian Dollars)

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**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 March 31, 2017, 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 May 29, 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.



**2. EQUITY (continued)**

On February 2, 2017, 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 holder 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 271,250 common shares of the Company were issued in connection with this private placement. The securities have a hold period expiring on June 3, 2017.

On February 9, 2017, the Company received proceeds of \$3,000 from the exercise of 60,000 warrants.

On March 13, 2017, the Company received proceeds of \$875 from the exercise of 17,500 warrants.

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 March 6, 2017, the Company granted 1,100,000 share purchase options to directors, officers and consultants. The options vested upon grant, are exercisable at a price of \$0.10 per share and have a five-year term to March 6, 2022.

The weighted average fair value of these options was estimated at \$0.0834 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

- Weighted average share price: \$0.09
- Weighted average exercise price: \$0.10
- Dividend yield: 0%
- Risk-free interest rate: 1.16%
- Pre-vest forfeiture rate: 0%
- Expected life (years): 5 years
- Expected volatility: 160.91%

On February 9, 2016, the Company granted 700,000 share purchase options to directors, officers and consultants. The options vested 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 \$95,842 associated with vested options was recognized during the six months ended March 31, 2017 (six months ended March 31, 2016: \$4,503).

**2. EQUITY (continued)**

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
Forfeited	(150,000)	0.05
Granted	1,100,000	0.10
At end of period	1,950,000	0.08
Vested and exercisable	1,950,000	0.08

At March 31, 2017, the weighted average exercise price of options outstanding was \$0.08 (September 30, 2016: \$0.06) and their weighted average remaining contractual life was 4.32 years (September 30, 2016: 3.72).

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 vested 25% on January 5, 2016, 25% on March 24, 2016, 25% on September 24, 2016 and 25% on March 24, 2017.

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 50,000 warrants exercisable into on 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 a two-year period.

On February 2, 2017, the Company issued 3,875,000 warrants exercisable into one Company share at a price of \$0.13 for a two-year period.

On February 9, 2017, 60,000 warrants were exercised at \$0.05.

On March 13, 2017 17,500 warrants were exercised at \$0.05.

On March 30, 2017, a total of 1,659,167 warrants with an exercise price of \$0.05 per share expired unexercised.

**NIKOS EXPLORATIONS LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2017**  
(Expressed in Canadian Dollars)

**2. EQUITY (continued)**

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	5,630,000	0.08
Exercised	(77,500)	0.05
Expired	(1,659,167)	0.05
At end of period	7,480,000	0.10
Vested and exercisable	7,480,000	0.10

**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.

	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.

	Six months ended March 31,	
	2017	2016
	\$	\$
Management and consulting fees	8,512	7,575
Geological consulting fees	6,338	5,212
	14,850	12,787

- i. During the six months ended March 31, 2017, the Company incurred management and consulting fees of \$6,000 (six months ended March 31, 2016: \$ 6,000) for accounting services provided by a company controlled by the Company's CFO and \$2,512 (six months ended March 31, 2016: \$1,575) for consulting fees for services provided by a proprietorship controlled by the Company's CEO.
- ii. During the six months ended March 31, 2016, the Company incurred geological consulting fees of \$6,338 (six months ended March 31, 2016: \$5,212) for services provided by a proprietorship controlled by the Company's CEO.

**3. RELATED PARTY TRANSACTIONS**

**NIKOS EXPLORATIONS LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2017**  
(Expressed in Canadian Dollars)

- iii. Included in accounts payable and accrued liabilities as at March 31, 2017 is \$5,983 (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 six months ended March 31, 2017 and 2016 is as follows:

	Six months ended March 31,	
	2017	2016
Management and geological consulting fees	14,850	12,787
Share-based payments	33,345	1,544
	48,195	14,331

**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);
- 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);

**4. UNPROVEN MINERAL RIGHT INTERESTS (continued)**

- On or before May 13, 2016: payment of \$24,000 and issuance of 150,000 shares (completed);

**NIKOS EXPLORATIONS LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2017**  
(Expressed in Canadian Dollars)

- 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.

As at March 31, 2017 the Company had incurred the following acquisition and development costs on the Property:

	At September 30, 2016	Six months ended March 31, 2017	At March 31, 2017
Acquisition costs	260,785	-	260,785
Exploration costs:			
Automobile	9,857	8,240	18,097
Assays	25,164	-	25,164
Community relations	10,641	-	10,641
Drilling	-	182,227	182,227
Equipment rental	-	21,210	21,210
Exploration administration and field supplies	2,852	24,841	27,693
Food and accomodation	8,595	19,577	28,172
Geological consulting	69,924	31,038	100,962
Geophysical	151,863	2,750	154,613
	278,896	289,883	568,779
	539,681	289,883	829,564

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.