IMAGIN MEDICAL INC.

(Formerly Expedition Mining Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016

and

September 30, 2015

(Expressed in Canadian Dollars)

Corporate Head Office
Suite 600, 890 West Pender St.
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Imagin Medical Inc.,

We have audited the accompanying consolidated financial statements of Imagin Medical Inc. (formerly Expedition Mining Inc.) which comprise the consolidated statement of financial position as at September 30, 2016 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Imagin Medical Inc. (formerly Expedition Mining Inc.) as at September 30, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matters

The comparative financial statements as at and for the period ended September 30, 2015 are those of BSS Life Sciences Inc., the continuing entity for accounting and financial reporting purposes as a result of the reverse asset acquisition (see Note 5). These financial statements were audited by other auditors, who expressed an unmodified opinion on those statements in their report to the shareholders dated October 26, 2015.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 25, 2017

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2016	September 30, 2015
	$	$
A S S E T S		
Current assets		
Cash (Note 3)	72,804	4,990
Amounts receivable and prepaids (Note 4)	127,883	-
Subscription receivable	-	28,515
Security deposit	5,750	-
	206,437	33,505
Equipment	2,864	-
Intangible asset (Note 6)	141,860	12,703
	351,161	46,208
L I A B I L I T I E S & S H A R E H O L D E R S' E Q U I T Y		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 & 9)	225,453	46,192
Shareholders' equity		
Share capital (Notes 10 & 14)	1,770,961	47,500
Obligation to issue shares (Note 14)	159,600	10,750
Share-based payment reserve	512,952	-
Deficit	(2,317,805)	(58,234)
	125,708	16
	351,161	46,208

Nature and continuance operations (Note 1)
Basis of presentation (Note 2)

Approved on behalf of the Board of Directors:

"*James Hutchens*", Director

"*Bill Galine*", Director

See notes to consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Periods Ended September 30

	2016	2015
	$	$
General and administrative expenses:		
Amortization of intangible asset	13,381	-
Amortization of equipment	1,164	-
Bank charges and interest	1,306	96
Consulting fees	533,989	14,068
Corporate and administration fees	46,000	-
Directors' fees (Note 9)	9,000	-
Filing and transfer agent fees	16,759	-
Legal & accounting fees (Note 9)	159,629	35,615
Listing expense (Note 5)	382,776	-
Management fees (Note 9)	269,582	-
Office, rent and insurance	57,478	801
Product development	238,718	-
Shareholders' communication, & promotion	30,359	-
Travel, meals & entertainment	14,767	7,024
	(1,774,908)	(57,604)
Other items:		
Interest income	70	-
Foreign exchange	(2,948)	(630)
Stock-based compensation (Note 10 c))	(481,784)	-
Write-off of mineral property (Note 7)	(1)	-
Net loss and comprehensive loss	(2,259,571)	(58,234)
Basic and diluted loss per share	(0.08)	(0.06)
Weighted average – number of shares outstanding	26,873,535	897,562

See notes to consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Periods Ended September 30

	2016	2015
	$	$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(2,259,571)	(58,234)
Adjustments which do not affect cash:		
Amortization of intangible asset	13,381	-
Amortization of equipment	1,164	-
Stock-based compensation	481,784	-
Listing expense	382,776	-
Write-off of mineral property	1	-
	(1,380,465)	(58,234)
Net changes in non-cash working capital items:		
Amounts receivable and prepaids	(14,352)	-
Accounts payable and accrued liabilities	(9,400)	46,192
	(1,404,217)	(12,042)
Investing activities		
Purchase of intangible asset	(142,538)	(12,703)
Cash obtained on acquisition	1,000	-
Purchase of capital assets	(3,009)	-
	(144,547)	(12,703)
Financing activities		
Issue of share capital, net	1,521,112	28,985
Subscription receivable	28,515	10,750
Obligation to issue shares	148,850	-
Share issue costs	(81,899)	(10,000)
	1,616,578	29,735
Increase in cash	67,814	4,990
Cash - beginning of period	4,990	-
Cash - end of period	72,804	4,990

Supplementary disclosures:

Note 5 and 11 – Non-cash transactions

See notes to consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	$	$	$	$	$
Balance, September 30, 2015	3,889,113	25,527,873	3,919,385	-	(29,623,248)	(175,990)
Share exchange re acquisition of						
Imagin Medical Inc. equity	26,500,000	(25,527,873)	(3,919,385)	-	29,623,248	175,990
BSS Life Sciences equity	-	316,500	-	-	(58,234)	258,266
Share issue costs:						
- Imagin Medical Inc.	-	(85,567)	-	-	-	(85,567)
- BSS Life Sciences Inc.	-	(27,500)	-	-	-	(27,500)
Private Placement						
- Tranche 1	6,677,413	1,001,612	-	-	-	1,001,612
- Tranche 2	330,000	49,500	-	-	-	49,500
Warrants exercised	1,340,000	201,000	-	-	-	201,000
Shares for debt	2,636,108	315,416	-	-	-	315,416
Fair value of options granted	-	-	481,784	-	-	481,784
Fair value of brokers' warrants	-	-	31,168	-	-	31,168
Obligation to issue shares	-	-	-	159,600	-	159,600
Loss for the year	-	-	-	-	(2,259,571)	(2,259,571)
Balance, September 30, 2016	41,372,634	1,770,961	512,952	159,600	(2,317,805)	125,708

Changes in equity of BSS Life Sciences Inc. were as follows:

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	$	$	$	$	$
Balance, March 10, 2015	1	1	-	-	-	1
Repurchase and cancellation of						
common share	(1)	(1)	-	-	-	(1)
Shares issued for cash	11,500,000	57,500	-	-	-	57,500
Subscriptions received	-	-	-	10,750	-	10,750
Share issue costs	-	(10,000)	-	-	-	(10,000)
Net loss for the period	-	-	-	-	(58,234)	(58,234)
Balance, September 30, 2015	11,500,000	47,500	-	10,750	(58,234)	16
Shares issued for cash	15,000,000	275,000	-	(10,750)	-	264,250
Share issue costs	-	(6,000)	-	-	-	(6,000)
Loss for the period	-	-	-	-	(65,093)	(65,093)
Balance, December 31, 2015	26,500,000	316,500	-	-	(123,327)	193,173

See notes to consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Imagin Medical Inc. (formerly Expedition Mining Inc.) is incorporated in the Province of British Columbia and its previous principal business activity was the acquisition and exploration of resource properties. On February 9, 2016, the Company completed the acquisition of BSS Life Sciences Inc. ("BSS"). BSS is a private Vancouver-based company that holds the intellectual property rights to a proprietary imaging technology developed for extremely accurate visualization of cancers. In connection with the acquisition, the Company changed its name to Imagin Medical Inc. and will now focus on its new principal business, which is to research, develop and commercialize medical devices in the bio-chemistry industry. For accounting purposes, the acquisition of BSS was treated as a reverse asset acquisition as the shareholders of BSS acquired control of the consolidated entity. BSS is considered the acquiring and continuing entity, and Imagin Medical Inc. was the acquired entity (see Note 5).

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of January 25, 2017, the date the Board of Directors approved the consolidated financial statements.

These consolidated financial statements are presented in the Company's reporting currency on a historical cost basis.

Financial instruments

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss **-** This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables **-** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash and cash equivalents and security deposits at fair value through profit and loss. The Company's accounts receivable are classified as loans and receivables.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

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

Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization. No research or development costs have been incurred to date.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Intangible assets

Intangible assets of the Company include technology rights and patents acquired from third parties, and are recorded at cost less accumulated amortization and accumulated impairment losses. Initial acquisition cost is based on the fair value of the consideration paid or payable, and will be amortized on a straight-line basis over the estimated useful life of the underlying technologies with finite lives. Once the Company commences research and development activities, the intangible assets will be amortized on a straight-line basis over the remaining life of the rights and patents. The Company reviews the estimated useful lives and carrying values of its technology rights and patents as part of its periodic assessment for impairment of non-financial assets.

The carrying amounts for technology rights and patents do not necessarily reflect present or future value and the ultimate amounts recoverable will be dependent upon the successful development and commercialization of products based on these underlying technologies.

Principles of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, BSS and Expedition Mining USA Inc. All significant inter-company transactions and balances have been eliminated.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Equipment is amortized using the declining-balance method at a rate of 20% per annum for office equipment and 30% per annum for computer equipment.

Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company’s functional and presentation currency. The functional currency of the subsidiaries is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Loss per share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2016 and 2015. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements is considered to be the more easily measurable component and the common share are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is recorded and charged to operations, with an offsetting credit to the share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Critical accounting estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination that the Company will continue as a going concern for the next year.

Impairment of long-lived assets

Management evaluates non-current assets at least annually for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

Cash and cash equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities.

New standards amendments and interpretations to existing standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2016 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. CASH AND CASH EQUIVALENTS

	September 30, 2016 $	September 30, 2015 $
Canadian chartered bank		
- Deposits in Canadian banks	72,804	4.990
	72,804	**4,990**

4. AMOUNTS RECEIVABLE AND PREPAIDS

	September 30, 2016 $	September 30, 2015 $
GST receivable	7,307	-
Interest receivable	259	-
Prepaid expenses	120,317	-
	127,883	**-**

5. REVERSE ASSET ACQUISITION

On February 9, 2016, the Company completed the acquisition of BSS. In connection with the closing, the Company issued 26,500,000 common shares to the shareholders of BSS (see note 10). As a result of the exchange, the transaction resulted in a reverse asset acquisition. Accordingly, BSS will be considered the continuing entity for accounting and financial reporting purposes and the Company, the continuing public company, being the corporation acquired. As the Company was a public ‘shell’ company, there was, in the opinion of management, no basis to reliably measure the consideration paid for it by BSS, other than to use the current carrying values of its assets acquired and liabilities assumed.

Accordingly, the purchase price allocation of the acquisition is based on the fair value of the net liabilities assumed, which was charged to operations as a listing expense.

The fair values of assets acquired and liabilities assumed are as follows:

Cash	$	1,000
Other assets		120,301
Accounts payable		(504,077)
Net liabilities acquired, or listing expense	$	(382,776)

For comparative purposes, the financial statement continuity presented herein is that of BSS. However, the continuity of issued share capital, prior and subsequent to the date of the acquisition, is that of the Company.

6. INTANGIBLE ASSET

On June 22, 2015, BSS and Lawrence Livermore National Security ("LLNS") entered into a license agreement, whereby the Company has exclusive right to develop, manufacture and sell a medical imaging device designed to complement white light endoscopy by adding fluorescent imaging for more accurate detection and treatment of various conditions, including the detection and treatment of cancer.

As consideration for the license agreement, BSS is required to pay a non-refundable license issue fee of US$100,000 due on the effective date and payable as follows:

- US$10,000 (paid) due on execution of the agreement;
- US$30,000 (paid) due within five months after the effective date;
- US$30,000 (paid) due within seven months after the effective date; and
- US$30,000 (paid) due within nine months after the effective date.

In addition, BSS is required to pay to LLNS a non-refundable US Maintenance Patent Fee of US$45,000 as follows:

- US$15,000 (paid) to be paid on or before February 28, 2016;
- US$15,000 to be paid on or before February 28, 2019; and
- US$15,000 to be paid on or before February 28, 2023.

In addition, BSS is required to pay to LLNS minimum annual royalty payments as follows:

- US$5,000 to be paid on or before February 28, 2017;
- US$10,000 to be paid on or before February 28, 2018;
- US$10,000 to be paid on or before February 28, 2019; and
- US$25,000 to be paid on or before February 28, 2019, and every February 28th thereafter.

In the event that the Company grants a sublicense to a third party, the Company will pay to LLNS 50% of any issue fee from this sublicensing. The sublicensing fee charged by the Company to the third party must be equal to or greater than the license issue fee disclosed above ($USD100,000).

In addition, the Company will pay LLNS an earned royalty of 3% on net sales.

The license agreement will remain in effect until the expiration or abandonment of the last of the patent rights and are being depreciated on a straight line basis over the remaining life of the patent rights.

6. INTANGIBLE ASSET *(continued)*

Continuity of the intangible asset is as follows:

	Patent License
Cost	
Balance, March 10, 2015	$ -
Additions for the period	12,703
Balance, September 30, 2015	12,703
Additions for the year	142,538
Balance, September 30, 2016	155,241
Accumulated depreciation	
Balance, March 10, 2015	-
Depreciation for the period	-
Balance, September 30, 2015	-
Depreciation for the year	13,381
Balance, September 30, 2016	13,381
Carrying amounts	
Balance, September 30, 2015	12,703
Balance, September 30, 2016	$ 141,860

7. EXPLORATION AND EVALUATION ASSETS

Mt. Mervyn Property
Yukon Territory, Canada

In April 2011, the Company entered into an option agreement to acquire a 100% interest in the Mt. Mervyn gold property. The Company is no longer in the mineral exploration industry and intends to drop any remaining claims associated with this property as they expire. The remaining nominal amount of $1 was written off during the current fiscal year.

8. ACCOUNTS PAYABLE AND ACCRUED LIABLITIES

	September 30, 2016 **$**	**September 30, 2015** **$**
Trade accounts payable	94,656	42,442
Accrued liabilities	27,416	-
Due to related parties	103,381	3,750
	225,453	**46,192**

9. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2016, the Company paid or accrued $313,407 (September 30, 2015 - $nil) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, and directors fees incurred by the Company.

During the period, the Company issued 1,036,108 shares as a debt settlement of $155,416 due to directors and officers for unpaid fees. In addition, on February 9 and June 30, 2016, the Company granted a total of 1,450,000 incentive stock options to directors and officers at an exercise price of $0.15, vesting immediately and expiring within 5 years. The fair values of the options granted were $0.1464 and $0.105 for total share-based payment of $183,300. Included in accounts payable are fees and expenses due to directors and officers in the amount of $103,381 (September 30, 2015 - $3,750), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SHARE CAPITAL

a) Authorized: Unlimited number of common shares

b) Issued:

During the year ended September 30, 2016, the Company closed the acquisition of BSS. In connection with the closing, the Company:

- issued 21,500,000 common shares (“Acquisition shares”) to the shareholders of BSS on a pro-rata basis. Of these, 11,500,000 shares are subject to escrow, to be released over three years (10% on the closing date and an additional 15% every six months thereafter);

- issued 10,000,000 warrants (“Acquisition Warrants”) to the holders of warrants of BSS on a pro-rata basis; each Acquisition Warrant is exercisable at $0.15 per share for three years;

- issued 5,000,000 performance shares to certain shareholders of BSS. These shares are subject to escrow, and to be released upon the successful conclusion of a beta prototype pertaining to BSS’s technology which satisfactorily demonstrates the commercial viability of products based on such technology;

- closed a non-brokered financing of 7,007,413 units (“Unit”) at $0.15 per Unit for gross proceeds of $1,051,112. Each Unit is comprised of one common share (“Shares”) and one share purchase warrant (“Finance Warrant”). Each Finance Warrant is exercisable for a period of two years at $0.25 in the first 12 months and at $0.35 thereafter, provided that in the event the closing price of the Company’s Shares on the CSE is equal to greater than $0.50 per share for 20 consecutive trading days at any time following four months after the date of closing the Acquisition, the Company may reduce the remaining exercise period of the Finance Warrants to not less than 30 days following the date of such notice. The private placement securities are subject to a four month hold period from the date of issuance. The Company paid a total of $41,368 and issued a total of 245,786 brokers’ warrants exercisable at $0.15 per warrant and expiring in two years;

- completed a shares-for-debt transaction to settle $155,416 of past debt owed to former directors and officers of EXU, by the issuance of 1,036,108 shares at a deemed price of $0.15 per share. These shares are subject to a four month hold period from the date of issuance;

10. **SHARE CAPITAL** *(continued)*

b) Issued *(continued)*:

- subsequent to the acquisition, 1,340,000 acquisition warrants with an exercise price of $0.15 were exercised for total proceeds of $201,000;

- completed a shares-for debt transaction to settle $160,000 of past debt owed to a consultant for services related to establishing business relationships primarily concerning the Canadian Securities Exchange and capital fund raising, by issuance of 1,600,000 shares at a deemed price of $0.10 per share.

c) Stock options:

A summary of the Company's stock options activity is presented below:

	Number of options	Weighted average exercise price
Outstanding at September 30, 2014	353,667	$ 2.54
Options expired or cancelled	(103,668)	1.94
Outstanding at September 30, 2015	249,999	2.79
Options granted	3,800,000	0.15
Options expired or cancelled	(799,999)	0.97
Outstanding at September 30, 2016	3,250,000	$ 0.15

The continuity of share purchase options is as follows:

Expiry Date	**Exercise Price**	**30-Sep-15**	**Granted**	**Exercised**	**Expired/ Cancelled**	**30-Sep-16**
14-Feb-16	6.00	20,000	-	-	(20,000)	-
14-Feb-16	2.25	6,667	-	-	(6,667)	-
14-Feb-16	1.50	23,331	-	-	(23,331)	-
14-Feb-16	0.165	6,666	-	-	(6,666)	-
21-Apr-16	6.00	51,001	-	-	(51,001)	-
11-Jul-16	6.00	6,667	-	-	(6,667)	-
12-Jan-17	2.25	3,333	-	-	(3,333)	-
20-Mar-17	2.25	11,666	-	-	(11,666)	-
23-May-17	1.50	39,001	-	-	(39,001)	-
14-Dec-17	0.50	23,334	-	-	(23,334)	-
15-May-18	0.50	32,333	-	-	(32,333)	-
23-Jul-19	0.165	26,000	-	-	(26,000)	-
09-Feb-21	0.15	-	2,000,000	-	(150,000)	1,850,000
30-Jun-21	0.15	-	1,800,000	-	(400,000)	1,400,000
		249,999	3,800,000	-	(799,999)	3,250,000
Weighted average exercise price		$ 2.79	$ 0.15	-	$ 0.97	$ 0.15

The weighted-average remaining life of the stock options outstanding at September 30, 2016 is 4.53 years (September 30, 2015 – 1.50 years).

10. **SHARE CAPITAL** *(continued)*

c) Stock options *(continued)*:

Expiry Date	Exercise Price	30-Sep-14	Granted	Exercised	Expired/ Cancelled	30-Sep-15
15-Oct-14	2.25	3,333	-	-	(3,333)	-
10-Jun-15	1.50	26,667	-	-	(26,667)	-
28-Jul-15	1.50	23,667	-	-	(23,667)	-
21-Sep-15	2.25	3,333	-	-	(3,333)	-
30-Sep-15	6.00	10,000	-	-	(10,000)	-
30-Sep-15	2.25	6,667	-	-	(6,667)	-
30-Sep-15	1.50	23,334	-	-	(23,334)	-
30-Sep-15	0.165	6,667	-	-	(6,667)	-
14-Feb-16	6.00	20,000	-	-	-	20,000
14-Feb-16	2.25	6,667	-	-	-	6,667
14-Feb-16	1.50	23,331	-	-	-	23,331
14-Feb-16	0.165	6,666	-	-	-	6,666
21-Apr-16	6.00	51,001	-	-	-	51,001
11-Jul-16	6.00	6,667	-	-	-	6,667
12-Jan-17	2.25	3,333	-	-	-	3,333
20-Mar-17	2.25	11,666	-	-	-	11,666
23-May-17	1.50	39,001	-	-	-	39,001
14-Dec-17	1.50	23,334	-	-	-	23,334
15-May-18	1.50	32,333	-	-	-	32,333
23-Jul-19	0.165	26,000	-	-	-	26,000
		353,667	-	-	(103,668)	249,999
Weighted average exercise price		$ 2.54	-	-	$ 1.94	$ 2.79

In connection with the acquisition, all incentive stock options were cancelled and on February 9, 2016, the company granted 2,000,000 incentive stock options for distribution to directors, officers, employees and certain service providers. On June 30, 2016, the Company granted an additional 1,800,000 incentive stock options to directors, officers, and certain service providers. The incentive stock options have an exercise price of $0.15 per share for a period of five years. The options are subject to a four month hold period from the date of issuance. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	09-Feb-16	30-Jun-16
Number of options granted	2,000,000	1,800,000
Risk-free interest rate	1.78%	1.31%
Estimated life	5	5
Share price on grant date	$0.15	$0.11
Exercise price	$0.15	$0.15
Estimated annual volatility	200.71%	183.08%
Option fair value	$0.1464	$0.105
Compensation cost	$292,873	$188,911

10. **SHARE CAPITAL** *(continued)*

d) Share purchase warrants

A summary of the Company's outstanding warrants at September 30, 2016 and the changes during the year then ended is presented below:

Expiry Date	Exercise Price	30-Sep-15	Granted	Exercised	Expired/ Cancelled	30-Sep-16
9-Feb-16	0.25	-	6,677,413	-	-	6,677,413
9-Feb-16	0.15	-	10,000,000	(1,340,000)	-	8,660,000
9-Feb-16	0.15	-	220,186	-	-	220,186
23-Feb-16	0.25	-	330,000	-	-	330,000
23-Feb-16	0.15	-	25,600	-	-	25,600
		-	17,253,199	(1,340,000)	-	15,913,199
Weighted average exercise price		$ -	$ 0.19	$ 0.15	$ -	$ 0.19

The weighted-average remaining life of the warrants outstanding at September 30, 2016 is 1.91 years (September 30, 2015 – nil).

The fair value for the 245,786 brokers' warrants issued during the period was determined to be $31,168 using the Black-Scholes option-pricing model.

The fair value for the warrants was determined using the Black-Scholes option-pricing model with the following assumptions:

	09-Feb-16	23-Feb-16
Number of warrants	220,186	25,600
Risk-free interest rate	1.17%	1.17%
Share price on grant date	$0.15	$0.15
Exercise price	$0.15	$0.15
Expected life	2 years	2 years
Expected volatility	200.42%	200.42%
Warrant fair value	$0.1268	$0.1268

11. **NON CASH TRANSACATIONS**

The following non-cash transactions were recorded:

	September 30, 2016	September 30, 2015
Financing activities		
Brokers warrants issued in connection with the private placements	$ 31,168	$ -

12. INCOME TAXES

A reconciliation of Canadian income taxes at statutory rates is as follows:

	September 30, 2016	September 30, 2015
Net loss for the year	$ (2,259,571)	$ (58,234)
Statutory rate	26%	26%
Income tax recovery computed at statutory rate	(587,488)	(15,141)
Adjustment for deductible and non-deductible items	167,512	203
Unused tax losses and tax offsets not recognized in tax asset	419,976	14,938
Total income taxes	$ -	$ -

Significant unrecognized tax benefits/(liabilities) and unused tax losses for which no deferred tax asset is recognized as of September 30, 2016 and September 30, 2015 were as follows:

	September 30, 2016	September 30, 2015
Deferred income tax assets/(liabilities):		
Mineral properties	$ 12,794,000	$ -
Equipment	96,000	-
Intangible asset	(25,000)	-
Non-capital loss carry-forward	5,626,000	58,000
Capital loss carry-forward	1,554,000	-
Share issue costs	66,000	8,000
	$ 20,111,000	$ 66,000

The Company did not recognize the deferred tax assets for the periods ended September 30, 2016 and September 30, 2015 as future taxable profits are uncertain.

The Company has non-capital losses of approximately $5,626,000 which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2036. Subject to certain restrictions, the Company also has mineral property expenditures of approximately $12,794,000 available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

12. **INCOME TAXES** *(continued)*

The Company's non-capital loss carry-forwards expire as follows:

Year of Origin	Year of Expiry	Non-Capital Losses $
2007	2027	2,000
2008	2028	-
2009	2029	793,000
2010	2030	677,000
2011	2031	609,000
2012	2032	520,000
2013	2033	379,000
2014	2034	563,000
2015	2035	467,000
2016	2036	1,616,000
		5,626,000

13. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended September 30, 2016.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2016.

	Level 1	Level 2	Level 3	Total
Cash	$ 72,804	$ –	$ –	$ 72,804
Security deposits	$ 5,750	$ –	$ –	$ 5,750

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2015.

	Level 1	Level 2	Level 3	Total
Cash	$ 4,990	$ –	$ –	$ 4,990

14. SUBSEQUENT EVENTS

On October 18, 2016, the Company closed Tranche one of a non-brokered private placement through the issuance of 4,822,500 units (the "Units") at a price of $0.08 per unit for gross proceeds of $385,800. Each Unit consists of one common share of the Company and one warrant ("Warrant"), each Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.12 in the first 12 months and $0.16 in the 12 months thereafter. Finders' fees in the form of 304,800 warrants and cash payments of $24,384 were paid for a portion of the financing attributable to certain finders' efforts.

On December 9, 2016, the Company closed Tranche two of a non-brokered private placement through the issuance of 3,873,605 units (the "Units") at a price of $0.08 per unit for gross proceeds of $309,888. Each Unit consists of one common share of the Company and one warrant ("Warrant"), each Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.12 in the first 12 months and $0.16 in the 12 months thereafter. Finders' fees in the form of 109,960 warrants and cash payments of $8,557 were paid for a portion of the financing attributable to certain finders' efforts.

On December 15, 2016, the Company granted 750,000 incentive stock options to certain consultants and a director. Of these options, 200,000 have an exercise price of $0.08, and the remaining 550,000 options have an exercise price of $0.15. These options expire between three and five years from their grant date.