

# **LUCKY MINERALS INC.**

**Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended December 31, 2016 and 2015**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE TO READER**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**LUCKY MINERALS INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited, in Canadian dollars)

	Note	December 31, 2016	September 30, 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 12,720	\$ 15,885
Prepaid expenses		-	8,888
GST receivable		1,354	8,620
		14,074	33,393
Equipment	4	1,142	1,235
Exploration and evaluation assets	5	604,160	555,337
<b>TOTAL ASSETS</b>		<b>\$ 619,376</b>	<b>\$ 589,965</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	6	\$ 72,399	\$ 12,300
<b>TOTAL LIABILITIES</b>		<b>72,399</b>	<b>12,300</b>
<b>Equity</b>			
Share capital	7	1,896,508	1,896,508
Share-based payment reserve	7	466,000	466,000
Deficit		(1,815,531)	(1,784,843)
<b>TOTAL EQUITY</b>		<b>546,977</b>	<b>577,665</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 619,376</b>	<b>\$ 589,965</b>
Nature and continuance of operations	1		
Commitments	5		

On behalf of the Board

"Sonny Janda"  
Sonny Janda, Director

"Shaun Dykes"  
Shaun Dykes, Director

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

**LUCKY MINERALS INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31,  
(Unaudited, in Canadian dollars)**

	Note	2016	2015
<b>Expenses</b>			
Advertising and promotion		\$ -	\$ 5,625
Amortization	4	93	529
Bank charges and interest		145	69
Consulting		2,500	-
Foreign exchange		(232)	2,396
Management	8	19,500	15,000
Office and miscellaneous		-	-
Property investigation costs		-	-
Professional fees		1,300	1,850
Rent		4,500	9,000
Transfer agent and regulatory fees		2,882	7,173
Travel and promotion		-	-
<b>Net loss and comprehensive loss</b>		<b>\$ (30,688)</b>	<b>\$ (41,642)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average number of common shares outstanding</b>			
- basic and diluted		55,300,053	55,300,053

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

**LUCKY MINERALS INC.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited, in Canadian dollars, except share number)

	Issued Common Shares		Reserves		Deficit	Total
	Number	Amount	Option	Warrant		
Balance at September 30, 2015	55,300,053	1,896,508	234,067	466,000	(1,826,937)	769,638
Net and comprehensive loss	-	-	-	-	(41,642)	(41,642)
Balance at December 31, 2015	55,300,053	1,896,508	234,067	466,000	(1,868,579)	727,996
Reallocation of cancelled and expired options	-	-	(234,067)	-	234,067	-
Net and comprehensive loss	-	-	-	-	(150,331)	(150,331)
Balance at September 30, 2016	55,300,053	1,896,508	-	466,000	(1,784,843)	577,665
Net and comprehensive loss	-	-	-	-	(30,688)	(30,688)
Balance at December 31, 2016	55,300,053	\$ 1,896,508	\$ -	\$ 466,000	\$ (1,815,531)	\$ 546,977

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

**LUCKY MINERALS INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31,

(Unaudited, in Canadian dollars)

	2016	2015
<b>Operating activities</b>		
Net loss for the period	\$ (30,688)	\$ (41,642)
Adjustments for non-cash items		
Amortization	93	529
	(30,595)	(41,113)
Changes in non-cash working capital items		
GST receivable	7,266	(2,094)
Prepaid expenses	8,888	6,776
Trade payables and accrued liabilities	36,812	(7,040)
Net cash flows used in operating activities	22,371	(43,471)
<b>Investing activities</b>		
Option payment for mining interests	(6,714)	(13,303)
Exploration and evaluation asset expenditures	(18,822)	-
Net cash flows used in investing activities	(25,536)	(13,303)
Change in cash during the year	(3,165)	(56,774)
Cash, beginning of year	15,885	292,348
Cash, end of year	\$ 12,720	\$ 235,574

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

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Lucky Minerals Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on May 7, 2007 for the purpose of acquiring and exploring mineral property interests. The Company is trading on the TSX Venture Exchange (the “Exchange”) under the symbol “LJ”, and on the Frankfurt Stock Exchange. The head office, principal address and records office of the Company are located at 8338 – 120<sup>th</sup> Street, Surrey, British Columbia, Canada, V3W 2N4.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at December 31, 2016, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

These financial statements were approved and authorized for use by the Board of Directors on February 24, 2017.

**2. STATEMENT OF COMPLIANCE**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**LUCKY MINERALS INC.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Lucky Minerals (Montana) Inc., incorporated on May 30, 2014 in the state of Montana, USA.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated upon consolidation.

**Significant Estimates and Assumptions**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if it affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, and provisions for restoration and environmental obligations.

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)**Significant Judgments**

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of expenditures as exploration and evaluation expenditures or operating expenses.

**4. EQUIPMENT**

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	Computer	Automotive	Total
	\$	\$	\$
<b>Cost:</b>			
As at September 30, 2016 and December 31, 2016	1,896	14,050	15,946
<b>Accumulated amortization:</b>			
As at September 30, 2015	(1,675)	(12,507)	(14,182)
Charge for the year	(66)	(463)	(529)
As at September 30, 2016	(1,741)	(12,970)	(14,711)
Charge for the period	(12)	(81)	(93)
As at December 31, 2016	(1,753)	(13,051)	(14,804)
<b>Net book value:</b>			
As at September 30, 2016	155	1,080	1,235
As at December 31, 2016	143	999	1,142

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**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS**

	Emigrant	St. Julien	Total
	\$	\$	\$
As at September 30, 2015	473,503	-	473,503
Acquisition	16,565	27,399	43,964
Exploration	18,667	19,203	37,870
As at September 30, 2016	508,735	46,602	555,337
Acquisition	-	40,282	40,282
Exploration	6,986	1,555	8,541
As at September 30, 2016	515,721	88,439	604,160

**Emigrant Project, USA**

On June 15, 2014, the Company entered into an agreement with an arm's length party to have an option agreement assigned to the Company (the "Assignment Agreement"). Pursuant to the Assignment Agreement, the Company has an option to acquire a 100% interest in certain claims in Montana USA for the following consideration:

Due Date	Cash (USD)
June 1, 2013	5,000 (Paid)
October 1, 2013	5,000 (Paid)
June 1, 2014	15,000 (Paid)
June 1, 2015	20,000 (Paid)
June 1, 2016	25,000*
June 1, 2017	30,000
June 1, 2018	35,000
June 1, 2019	40,000
June 1, 2020	45,000
June 1, 2021	50,000
Each subsequent year until \$1,000,000 has been paid	50,000
Total	1,000,000

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**5. EXPLORATION AND EVALUATION ASSETS (Continued)****Emigrant Project, USA (Continued)**

- \* In May 2016, the Company negotiated with the optionor to amend the above payment schedule to USD \$10,000 per year commencing from June 1, 2016 until such time that the Company has received permission to drill and explore the property from the appropriate government authorities, after which the original payment schedule is resumed until the option price is paid in full. In accordance with the amended payment schedule, the Company paid USD \$10,000 to the optionor during the year ended September 30, 2016.

The optionor will retain a 2% net smelter royalty (“NSR”). The Company may acquire 1.8% of the NSR by paying \$1,500,000 within 9 months of commercial production.

**St. Julien Project, USA**

Effective November 1, 2015, the Company entered into a property option agreement with an arm’s length party to acquire a 100% interest in certain claims comprising the St. Julien property located in Montana, USA, for the following consideration:

Due Date	Cash (USD)
November 1, 2015	10,000 (Paid)
February 1, 2016	10,000 (Paid)
November 1, 2016	30,000*
November 1, 2017	40,000
November 1, 2018	50,000
November 1, 2019	60,000
November 1, 2020	70,000
November 1, 2021	80,000
November 1, 2022	90,000
November 1, 2023	100,000
November 1, 2024	110,000
November 1, 2025	120,000
Total	770,000

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**5. EXPLORATION AND EVALUATION ASSETS (Continued)****St. Julien Project, USA (Continued)**

\* The payment of \$30,000 due on November 1, 2016 was renegotiated between the parties as follows:

- o \$5,000 due November 17, 2016 (paid);
- o \$25,000 due April 15, 2017.

The Company will pay a late charge of 5% for any payment, which is not paid within 15 days of its due date.

The optionor will retain a 3% NSR. The Company may acquire 2% of the NSR by paying a one-time sum of USD \$5,000,000 within 12 months of commercial production. The Company may acquire the remaining 1% of the NSR by paying a one-time sum of USD \$2,500,000 within 24 months of commercial production.

**6. TRADE PAYABLES AND ACCRUED LIABILITIES**

	December 31, 2016	September 30, 2016
	\$	\$
Accounts payable	58,799	-
Accruals	13,600	12,300
	72,399	12,300

**7. SHARE CAPITAL****Authorized Share Capital**

Unlimited number of common shares without par value.

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

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**7. SHARE CAPITAL (Continued)****Stock Options**

The Company has adopted a stock option plan whereby the Company may from time to time in accordance with the Exchange requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company does not have any outstanding options as at September 30, 2016 and December 31, 2016.

**Warrants**

A continuity of the Company's warrants is as follows:

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	Number of Warrants	Weighted average exercise price \$	Weighted average number of years to expiry
Balance, September 30, 2015	11,000,000	0.15	3.70
Granted / (Expired)	-	-	-
Balance, September 30, 2016	11,000,000	0.15	2.70
Granted / (Expired)	-	-	-
Balance, December 31, 2016	11,000,000	0.15	2.45

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**Share-Based Payment Reserve**

The share-based payment reserve records stock options and share purchase warrants recognized as stock-based compensation expense until such time that the stock options or warrants are exercised, at which time the corresponding balance is transferred to share capital or such time that the instruments expire at which time the corresponding balance is transferred to deficit.

**LUCKY MINERALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

(Unaudited, expressed in Canadian dollars)

**8. RELATED PARTY TRANSACTIONS**

During the three-month period ended December 31, 2016, the Company incurred \$6,986.11 (December 31, 2015 - \$nil) in exploration expense with Geologic Systems Ltd., a company controlled by Director Shaun Dykes.

**Key Management Compensation**

During the three-month period ended December 31, 2016, the Company incurred \$15,000 (December 31, 2015 - \$15,000) to the Company's CEO for consulting services.

**9. SEGMENTED INFORMATION****Geographic Segments**

The Company's non-current assets are located in the following countries:

	As at December 31, 2016		
	Canada	USA	Total
	\$	\$	\$
Equipment	1,142	-	1,142
Exploration and evaluation assets	-	604,160	604,160
	1,142	604,160	605,302

  

	As at September 30, 2016		
	Canada	USA	Total
	\$	\$	\$
Equipment	1,235	-	1,235
Exploration and evaluation assets	-	555,337	555,337
	1,235	555,337	556,572