

Canadian Zeolite Corp.

(Formerly Canadian Mining Company Inc.)

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ending September 30, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying condensed consolidated interim financial statements (unaudited) of Canadian Mining Company Inc. (the "Company") for the three months ended September 30, 2016 (the "Interim Financial Statements") are the responsibility of the Company's management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these Interim Financial Statements in accordance with International Financial Reporting Standards for Interim Financial Statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of 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 Company's independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim Financial Statements by an entity's auditor.

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Condensed Interim Statement of Comprehensive Loss (unaudited)
(Expressed in Canadian Dollars)

Three months ended September 30,	2016	2015
Income		
Royalties received (note 5)	\$ 4,822	\$ -
Less: transferred to exploration and evaluation assets (note 5)	(4,822)	-
Expenses		
Administrative (note 7)	\$ 60,271	\$ 11,024
Consulting fees	137,376	-
Interest (note 7)	8,524	12,000
Management fees (note 7)	27,000	27,000
Professional fees	19,625	8,250
Share-based compensation (note 7 and 8)	20,102	-
Provision for doubtful accounts (note 6)	2,867	2,647
Net and comprehensive loss	\$ 275,765	\$ 60,921
Loss per share - basic and diluted	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding	21,774,264	14,061,584

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2016	June 30, 2016
Assets		
Current		
Cash and cash equivalents	\$ 348,878	\$ 390,440
Receivables	7,526	4,037
Prepaid expenses	1,429	1,429
	357,833	395,906
Non-current		
Exploration and evaluation assets (note 5)	241,898	243,826
Reclamation and other deposits (note 6)	22,040	22,040
	\$ 621,771	\$ 661,772
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 658,127	\$ 740,892
Related party loans and advances (note 7)	411,936	472,340
	1,070,063	1,213,232
Shareholders Equity (Deficiency)		
Share capital (note 8(ii))	11,504,356	11,174,959
Contributed surplus	850,708	801,172
Deficit	(12,803,356)	(12,527,591)
	(448,292)	(551,460)
	\$ 621,771	\$ 661,772

Nature of operations and going concern (note 1)
Commitments (note 11)
Subsequent events (note 10)

These consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2016. They are signed on behalf of the Board of Directors by:

(Signed) "Ray Paquette", Director

(Signed) "David Kepkay", Director

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Three months ended September 30,	2016	2015
Cash provided by (used for):		
Operating activities		
Net loss	\$ (275,765)	\$ (60,921)
Add items not affecting cash:		
Share-based compensation	20,102	-
Accrued interest expense	8,500	12,000
Accrued interest income (note 6)	(2,867)	(2,647)
Accrued management fees	27,000	27,000
Accrued professional fees	9,000	8,250
Provision for doubtful accounts (note 6)	2,867	2,647
	(211,163)	(13,671)
Changes in non-cash working capital items		
Receivables	(3,489)	236
Accounts payable and accrued liabilities	(124,417)	977
Prepaid expenses	-	-
	(339,069)	(12,458)
Financing activities		
Proceeds of private placements	300,000	-
Share issue expenses	(8,295)	-
Proceeds of options exercised	7,125	-
Proceeds of warrants exercised	60,000	-
Related party loans and advances	(60,404)	21,653
	298,426	21,653
Investing activities		
Exploration and evaluation expenditures paid	(5,741)	(9,074)
Exploration and evaluation expenditures recovered	-	-
Royalties received	4,822	-
Reclamation deposits paid	-	-
	(919)	(9,074)
Increase (decrease) in cash and cash equivalents	(41,562)	121
Cash and cash equivalents, beginning of period	390,440	3,594
Cash and cash equivalents, end of period	\$ 348,878	\$ 3,715
Cash and cash equivalents consists of the following:		
Cash in banks	\$ 348,878	\$ 3,715

Supplemental cash flow information (note 12)

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

Three months ended September 30, 2016 and 2015

	Shares number	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance July 1, 2015 as previously reported	13,904,862	10,302,161	982,545	(12,157,917)	(873,211)
Retrospective adoption of residual value method for valuing warrants (note 3)	-	212,571	(212,571)	-	-
Balance, July 1, 2015, restated	13,904,862	10,514,732	769,974	(12,157,917)	(873,211)
Share private placements	6,300,000	559,424	-	-	559,424
Share options granted	-	-	48,301	-	48,301
Share options exercised	480,000	52,803	(17,103)	-	35,700
Warrants exercised	400,000	48,000	-	-	48,000
Loss for the year	-	-	-	(369,674)	(369,674)
Balance June 30, 2016	21,084,862	11,174,959	801,172	(12,527,591)	(551,460)
Balance, July 1, 2016	21,084,862	11,174,959	801,172	(12,527,591)	(551,460)
Share private placements	1,000,000	300,000	-	-	300,000
Share options granted	-	-	20,102	-	20,102
Share options exercised	75,000	10,600	(3,475)	-	7,125
Warrants value assigned	-	(30,000)	30,000	-	-
Share issue costs	-	(16,508)	8,214	-	(8,294)
Warrants exercised	500,000	65,305	(5,305)	-	60,000
Loss for the year	-	-	-	(275,765)	(275,765)
Balance September 30, 2016	22,659,862	11,504,356	850,708	(12,803,356)	(448,292)

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

1. Nature of operations and going concern

Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.) (the "Company" or "Canadian Mining") is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CNZ. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office of the Company is located at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X2. The registered and records office is located at Suite 1100, 1111 Melville Street, Vancouver, B.C. V6E 3V6.

The consolidated financial statements of the Company have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of the going concern assumption. The Company has not generated revenue from operations. The Company incurred a net loss of \$275,765 during the three months ended September 30, 2016 and as of that date, the Company's deficit was \$12,803,356. At September 30, 2016, the Company has cash resources of \$348,878 to settle its current liabilities of \$1,070,063 representing a shortfall of \$721,185. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favourable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and comprehensive loss, and statements of financial position classifications used.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Approval of consolidated financial statements

The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 30, 2016.

Basis of consolidation

These consolidated financial statements include the accounts of the Canadian Mining Company Inc. and its wholly-owned inactive subsidiaries, Canadian Mining Company of Arizona Inc. and Canadian Zeolite Corp. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement

The accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of November 30, 2016. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies

Financial instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- (i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- (iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash and cash equivalents have been measured at fair value using Level 1 inputs.

The Company has classified its cash and cash equivalents as at FVTPL. Receivables (excluding GST and HST receivable) and reclamation and other deposits are classified as loans and receivables and accounts payable and accrued liabilities, and related party loans and advances are classified as other financial liabilities, all of which are measured at amortized cost.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Financial instruments (continued)

The Company's financial instruments at September 30, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash and cash equivalents	\$ -	\$ -	\$ 348,878	\$ -
Receivables	-	-	-	-
Reclamation and other deposits	22,040	-	-	-
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 658,127
Related party loans and advances	-	-	-	411,936

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation assets and expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Exploration and evaluation assets and expenditures (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is 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. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Reclamation deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Rehabilitation provision (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Flow-through shares

The Company from time to time, may issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Changes in accounting policy and disclosure

In June 2016, the Company elected to use the 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 common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the closing date. The balance, if any, is allocated to the attached warrants and is recorded in warrants account.

Previously, the Company was using the pro-rata fair value method in valuing shares and warrants issued in private placements. The Company is of the opinion that the residual value method more appropriately allocates the value between shares and warrants. This change in accounting policy has been retrospectively applied to the Company's financial statements. As a result, share capital has been increased by \$212,571 and warrants and contributed surplus have been reduced by \$212,571 as at July 1, 2014 and share capital has been increased by \$212,571 and warrants and contributed surplus have been reduced by \$212,571 as at June 30, 2015.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution. This standard is effective for reporting periods beginning on or after January 1, 2016.

IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure—Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

IAS 19 Employee Benefits

The amendment clarifies the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. This standard is effective for reporting periods beginning on or after January 1, 2016.

IAS 34 Interim Financial Reporting

The amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

IFRS 11 Joint Arrangements

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). These amendments are effective for reporting periods beginning on or after January 1, 2016.

IAS 27 Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

3. Significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently reviewing the impact of these standards and does not anticipate a significant impact on the consolidated financial statements.

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

4. Significant accounting judgments, estimates and assumptions (continued)

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments

We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in note 8.

Financial Instruments

The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

5. Exploration and evaluation assets

The Company has interests in two mineral properties located in British Columbia as at September 30, 2016. These are Sun Group and Bromley Creek. Also, the Company has a precious metal property located in the Arizona Bullard Pass area.

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the years ending June 30, 2016 and the period ended September 30, 2016 are as follows:

	(US) Bullard Pass (\$)	(CAN) Bromley Creek (\$)	(CAN) Sun Group (\$)	Total (\$)
Acquisition costs				
Balance at July 1, 2015 and June 30, 2016	3,058	58,712	-	61,770
Exploration costs				
Balance at July 1, 2015	3,828	50,227	136,758	190,813
Additions during the year:				
Claim fees	4,647	616	-	5,263
Geology	-	6,600	-	6,600
Assays	-	2,222	-	2,222
Site expenses	-	7,642	-	7,642
Costs recouped	-	(11,392)	-	(11,392)
Settlement of obligations	-	-	(16,279)	(16,279)
Royalties received	-	(2,813)	-	(2,813)
Total additions during the year	4,647	2,875	(16,279)	(8,757)
Balance at June 30, 2016	8,475	53,102	120,479	182,056
Total as at June 30, 2016	11,533	111,814	120,479	243,826

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

5. Exploration and evaluation assets (continued)

	(US) Bullard Pass (\$)	(CAN) Bromley Creek (\$)	(CAN) Sun Group (\$)	Total (\$)
Acquisition costs				
Balance at July 1, 2016 and September 30, 2016	3,058	58,712	-	61,770
Exploration costs				
Balance at July 1, 2016	8,475	53,102	120,479	182,056
Additions during the year:				
Claim fees	4,604	-	-	4,604
Site expenses	-	1,139	-	1,139
Costs recouped	-	(2,849)	-	(2,849)
Royalties received	-	(4,822)	-	(2,813)
Total additions during the year	4,604	(6,532)	-	(1,928)
Balance at September 30, 2016	13,079	46,570	120,479	180,128
Total as at September 30, 2016	16,137	105,282	120,479	241,898

Bromley Creek, British Columbia, Canada

The Company has a Zeolite project in the Bromley Creek area located near Princeton, British Columbia. The mineral property claims have been leased from the British Columbia government and have expiration dates through to March 2017, all of which are renewable for varying amounts. A thirty year mining lease for two of the zeolite claims was granted in 2000 and a quarry permit was issued in 2001 and in 2015.

The Company's property interest in its Bromley Creek Zeolite Project consists of a total of one mineral lease and six mineral claims.

The Zeolite claims are subject to a \$1.50 per tonne royalty payable to an unrelated third party and a royalty payable to the government of British Columbia.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Bromley Creek Zeolite Project for a total purchase price of \$725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of \$9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Bromley Creek Zeolite Project.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

5. Exploration and evaluation assets (continued)

Sun Group, British Columbia, Canada

In March 2004, the Company acquired a contiguous claim group located in the Similkameen Mining District of British Columbia, in consideration of the issuance of 50,000 common shares in the capital of the Company at a fair value of \$0.095 per share. The total claim area is 948.935 hectares.

During the year ending June 30, 2013, the Company completed a 2-phase drill program. Data obtained from this exercise was used in the preparation of the 43-101 resource report and to confirm the size and grade of the Zeolite deposit.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Sun Group Zeolite Project for a total purchase price of \$725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of \$9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Sun Group Zeolite Project.

Bullard Pass Gold Property, Arizona, United States

In 2007, the Company staked the DB 1 to 176 mineral claims totaling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property").

The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company does not have intentions for further exploration of the property until such time as a new joint venture partner is secured.

6. Reclamation and other deposits

	Note	September 30, 2016	June 30, 2016
Reclamation bonds and security deposit			
Reclamation bonds held in term deposits - Canada	(i)	\$ 20,000	\$ 20,000
Security deposits paid – Canada	(ii)	2,040	2,040
		22,040	22,040
Other deposit			
Refundable deposit	(iii)	81,500	81,500
Accrued interest	(iii)	62,592	59,725
		144,092	141,225
Provision for doubtful accounts	(iii)	(144,092)	(141,225)
		-	-
Balance, end of period		\$ 22,040	\$ 22,040

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

6. Reclamation and other deposits (continued)

- (i) Prior to commencement of exploration of a mineral property in British Columbia, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future on certain properties, which is refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. The Company has posted reclamation bonds of \$20,000 (2015 - \$20,000) with the Province of British Columbia, Canada. The reclamation bonds are held in term deposits which bear interest at a weighted average rate of 0.61% per annum (2015 - 0.79%).

As part of the Mining Operations with Purchase Option Agreement with APL (note 5), APL has agreed to assume all environmental liabilities accruing on or after the date of execution of the Agreement relating to the Bromley Creek property and only during such time where APL is the operator of the Bromley Creek Mine. Should APL default on this obligation, the Company will ultimately be responsible for all environmental liabilities relating to the property.

- (ii) Included in other deposits is \$2,040 (2015 - \$2,040) paid by the Company as a security deposit on its leased premises in Vancouver.
- (iii) During a prior year, the Company entered into a formal letter of intent with a private British Columbia company to acquire a 640 acre coal lease (the "Property") in Wyoming's Powder River Basin area whereby the Company would have the exclusive right and option to earn a 100% interest in the Property in consideration of a total purchase price of \$1,200,000, consisting of an initial refundable deposit of \$120,000 upon execution of the letter of intent, the issuance of common shares equal to \$600,000 upon receipt of a 43-101 complaint Technical Report indicating the presence of an economic deposit acceptable to the Company, and the balance of cash totaling \$480,000 on terms yet to be determined by the parties. In 2011, the Company determined the Property did not warrant investment. Accordingly, the Company requested return of the deposit and entered into a forbearance agreement dated December 8, 2010 in respect of collection of the deposit. In accordance with the agreement the balance of the deposit was to be repaid together with interest at 8% per annum, commencing on June 23, 2010 as follows: \$12,000 plus interest on or before June 30, 2010; \$8,000 plus interest on or before January 15, 2011; \$50,000 plus interest on or before February 15, 2011; and \$50,000 plus interest on or before March 15, 2011. To date the Company has recovered \$38,500 (2015 - \$38,500) of the refundable deposit. There is significant uncertainty as to collection of the remaining amount. The Company has made a provision for doubtful accounts of \$144,092 (2015 - \$141,225), which includes \$62,592 in accrued interest (2015 - \$59,725).

7. Related party transactions

- (a) During the three months ended September 30, 2016, the Company entered into the following transactions with related parties:
 - (i) The Company accrued management fees of \$27,000 (2015 - \$27,000) to a director and officer.
 - (ii) The Company repaid advances from a director amounting to \$5,404 (2015 - received 21,653).

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

7. Related party transactions (continued)

- (iii) The Company received advances from a director and insiders of the Company, for promissory notes in the principal amount of \$nil (2015 - \$25,000). The notes all bear interest at 10% per annum and were due on dates ranging from July 27, 2015 to January 21, 2016. During the period ended September 30, 2016, \$55,000 (2015 - \$nil) plus accrued interest of \$13,860 was repaid.
- (iv) The Company has accrued interest expenses of \$8,500 (2015 - \$12,000) in respect of two promissory notes in the principal amount of \$340,000 (2015 - \$480,000) issued to a director and insider of the Company.
- (v) The Company accrued fees to an officer of the Company for accounting services included in administrative expenses of \$4,500 (2015 - \$3,000).
- (vi) The Company accrued fees to an officer of the Company for corporate secretarial services included in administrative expenses of \$4,500 (2015 - \$2,250).
- (vii) At September 30, 2016, amounts totaling \$626,000 (2015 - \$535,191) owing to related parties, have been included in accounts payable and accrued liabilities.

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

(b) At the end of the period, related party loans and advances are comprised of the following:

	Promissory notes	Advances	Total
Balance at June 30, 2015	420,000	114,491	\$ 534,491
Advances repaid	-	(1,451)	(1,451)
Loans repaid	(25,000)	-	(25,000)
Options exercised	-	(35,700)	(35,700)
Balance at June 30, 2016	395,000	77,340	\$ 472,340
Advances repaid	-	(5,404)	(5,404)
Loans repaid	(55,000)	-	(55,000)
Balance at September 30, 2016	340,000	71,936	\$ 411,936

Compensation paid to key management personnel and non-executive directors is as follows:

	2016	2015
Accrued senior management compensation	\$ 36,000	\$ 32,250
Accrued interest on promissory notes	8,500	12,000

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

8. Share capital

(i) Authorized

Unlimited number of common shares.

(ii) Issued and outstanding

During the period ending September 30, 2016:

On July 25, 2016, a warrant holder exercised 500,000 warrants. Gross proceeds amounted to \$60,000.

On August 25, 2016 an option holder exercised 75,000 options. Gross proceeds amounted to \$7,125.

On September 6, 2016, the Company completed the issuance 1,000,000 share units of a private placement at \$0.30 per unit. The gross proceeds were \$300,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$0.40 per share. The warrants expire on September 6, 2017 and have been valued at \$30,000 using the residual value method. Finder fees of \$5,600 were paid and 18,666 warrants, valued at \$8,213 using the residual value method, were issued in connection with the financing. Additional share issue costs incurred amounted to \$2,695.

During the year ending June 30, 2016:

On August 14, 2015 an option holder exercised 300,000 options resulting in a \$19,500 reduction in amounts owed to related parties.

On October 31, 2015, the Company completed the issuance 1,700,000 share units of the first tranche of 2,100,000 share units of a private placement at \$0.075 per unit. The gross proceeds were \$127,500. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$0.12 per share. The warrants expire on October 31, 2016 and have been valued at \$nil using the residual value method.

On December 3, 2015, the Company completed the issuance of 400,000 share units of the second tranche of 2,100,000 share units of a private placement at \$0.075 per unit. The total proceeds were \$30,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$0.12 per share. The warrants expire on December 3, 2016 and have been valued at \$nil using the residual value method. Finder fees of \$9,000 were paid in connection with the financing. Additional share issue costs incurred amounted to \$866.

On April 5, 2016 an option holder exercised 180,000 options resulting in a \$16,200 reduction in amounts owed to related parties.

On June 8, 2016, the Company completed the issuance 670,000 share units of the first tranche of 4,200,000 share units of a private placement at \$0.10 per unit. The gross proceeds were \$67,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$0.15 per share. The warrants expire on June 8, 2016 and have been valued at \$nil using the residual value method.

On June 22, 2016, the Company completed the issuance 3,530,000 share units of the first tranche of 4,200,000 share units of a private placement at \$0.10 per unit. The gross proceeds were \$353,000. Each unit consists of one common share and one common share purchase warrant.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

8. Share capital (continued)

(ii) Issued and outstanding (continued)

Each common share purchase warrant is exercisable at \$0.15 per share. The warrants expire on June 22, 2016 and have been valued at \$nil using the residual value method. Finder fees of \$5,360 were paid in connection with the financing. Additional share issue costs incurred amounted to \$2,850.

On June 28, 2016, a warrant holder exercised 400,000 warrants. Gross proceeds amounted to \$48,000.

At June 30, 2016, the Company had 21,084,862 common shares issued and outstanding.

During the year ending June 30, 2015:

On March 25, 2015, the Company completed a consolidation of its issued common shares on the basis of one (new) share for each six (old) shares.

On April 30, 2015, the Company issued 1,338,740 shares in settlement of amounts totaling \$66,937 due to related parties.

During June 2015, option holders exercised 700,000 options for net cash proceeds of \$10,000 and \$35,500 reduction of amounts owed to related parties.

At June 30, 2015, the Company had 13,904,862 common shares issued and outstanding.

(iii) Stock option plan

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

8. Share capital (continued)

(iii) Stock option plan (continued)

The following is a summary of changes in options during the period ending September 30, 2016:

	Number of options	Weighted average price
Balance at June 30, 2015	1,300,000	0.065
Options exercised - August 14, 2015	(300,000)	0.065
Options granted - November 25, 2015	250,000	0.095
Options granted - January 29, 2016	380,000	0.090
Options exercised - April 5, 2016	(180,000)	0.090
Options granted - June 22, 2016	600,000	0.135
Balance at June 30, 2016	2,050,000	\$ 0.092
Options exercised - August 25, 2016	(75,000)	0.095
Options granted - August 25, 2016	75,000	0.370
Balance at September 30, 2016	2,050,000	\$ 0.102

The fair value of the stock options recognized during the period ended September 30, 2016 as calculated using the fair value method was \$20,102 (2015 - \$nil). The fair value was calculated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate range of 0.58% (2015 - 0.42%); average annual volatility factor of the expected market price of the Company's common shares of 153.66% (2015 - 105.23%); expected dividend yield of 0.00% (2015 - 0.00%) and an expected life of the options of two years (2015 - two years). The weighted average life of the options outstanding is 1.51 years. As at June 30, 2016 there were \$78,114 (2015 - \$nil) in unvested stock-based compensation expense that will be recorded over the remaining vesting period of the stock options. A summary of stock options outstanding and exercisable at September 30, 2016 is set out below:

Number outstanding	Number exercisable	Exercise price	Expiry date
600,000	600,000	\$ 0.065	May 22, 2017
400,000	400,000	\$ 0.065	June 24, 2017
175,000	175,000	\$ 0.095	November 25, 2017
200,000	200,000	\$ 0.090	January 29, 2018
600,000	-	\$ 0.135	June 22, 2018
75,000	75,000	\$ 0.370	August 25, 2018
2,050,000	1,450,000		

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

8. Share capital (continued)

(iv) Share purchase warrants

The following is a summary of changes in warrants from July 1, 2015 to September 30, 2016:

	Number of warrants	Weighted average exercise price
Balance at July 1, 2015	-	-
Issued on private placements	6,300,000	0.14
Warrants exercised	(400,000)	0.12
Balance at June 30, 2016	5,900,000	0.14
Issued on private placements	1,018,633	0.40
Warrants exercised	(500,000)	0.12
Balance at September 30, 2016	6,418,633	0.18

A summary of the above purchase warrants outstanding at September 30, 2016 is set out below:

Number	Exercise price	Expiry date
800,000	\$ 0.12	October 31, 2016
400,000	0.12	December 3, 2016
670,000	0.15	June 9, 2017
3,530,000	0.15	June 22, 2017
1,018,633	0.40	September 6, 2017
6,418,633		

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

9. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration activities are carried out in Canada, United States, and Mexico. Segment assets by geographical location are as follows:

As at September 30, 2016	Canada	United States	Mexico	Total
Current assets	\$ 356,236	\$ -	\$ 1,597	\$ 357,833
Exploration and evaluation assets	225,761	16,137	-	241,898
Reclamation and other deposits	22,040	-	-	22,040
	\$ 604,037	\$ 16,137	\$ 1,597	\$ 621,771

As at June 30, 2016	Canada	United States	Mexico	Total
Current assets	\$ 394,309	\$ -	\$ 1,597	\$ 395,906
Exploration and evaluation assets	232,293	11,533	-	243,826
Reclamation and other deposits	22,040	-	-	22,040
	\$ 648,642	\$ 11,533	\$ 1,597	\$ 661,772

	2016	2015
Net loss		
Canada	\$ 275,765	\$ 60,921

10. Subsequent events

On October 24, 2016 a warrant holder exercised 200,000 warrants for gross proceeds of \$30,000.

On October 26, 2016 a warrant holder exercised 200,000 warrants for gross proceeds of \$24,000.

On October 31, 2016 warrant holders exercised 600,000 warrants for gross proceeds of \$72,000.

On November 18, 2016 warrant holders exercised 160,000 warrants for gross proceeds of \$24,000, and option holders exercised 300,000 options for gross proceeds of \$22,000.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

11. Commitments

During November 2016, the Company terminated the current office lease agreement and entered into a lease agreement at a new location for a two year period commencing January 01, 2017 with monthly payments of \$1,550 per month. At September 30, 2016, the commitment in terms of the new lease amounted to \$37,200 and \$4,287 in terms of the current lease.

12. Supplemental cash flow information

The following cash and non-cash transactions were entered into by the Company during the period ending September 30, 2016 and 2015:

	2016	2015
Cash paid during the period		
Interest	\$ 13,860	\$ 3,377
Cash received during the period		
Interest	-	115
Non-cash transactions:		
Share-based compensation	20,102	48,301

13. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

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

There were no changes in the Company's approach to capital management during the period ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

14. Financial instruments and risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payables and accrued liabilities and related party loans and advances approximate their fair value because of the short-term nature of these instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its foreign bank deposits of \$1,597 (2015 - \$1,597).

As all bank accounts in Canada are held with a major bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash to meet the Company's business requirements; however, at September 30, 2016, the cash balance of \$348,878 will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities of \$658,127, related party loans and advances of \$411,936, and required administrative and exploration and evaluation expenditures over the next year. The Company will be required to raise additional capital in the future to fund its operations.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2016 and 2015

14. Financial instruments and risk management (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. Interest rate risk

The Company is not subject to material interest rate risk.

b. Currency risk

The Company is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States and Mexican currencies. At September 30, 2016, total assets and liabilities include cash of US\$1,520 (2015 - US\$558) and cash of Mexican pesos 12,100 (July 1, 2015 - Mexican pesos 12,100). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 10% (2015 - 10%) would increase or decrease the net loss by \$152 (2015 - \$56) and a change in the absolute rate of exchange in the Mexican pesos by 10% (2014 - 10%) would increase or decrease the net loss by \$100 (2015 - \$100) in these consolidated financial statements.

c. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.