

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Period Ended September 30, 2016

NOTICE TO SHAREHOLDERS OF

Genesis Metals Corp.

Responsibility for Financial Statements:

The accompanying condensed unaudited interim financial statements for the period ended September 30, 2016 of Genesis Metals Corp. have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

These condensed interim financial statements have not been reviewed by the Company’s auditors.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited – Expressed in Canadian dollars)

	Note	September 30, 2016	March 31, 2016
Assets			
Current assets:			
Cash		\$ 713,983	\$ 1,122,979
Receivables		35,082	35,670
Prepaid expenses		85,201	25,021
		834,266	1,183,670
Exploration and evaluation assets	4	1,242,915	1,096,197
Equipment	5	26,603	-
		\$ 2,103,784	\$ 2,279,867

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 52,545	\$ 361,276
Due to related parties	7	80,105	89,783
Flow-through premium liability		6,274	6,274
		138,924	457,333
Shareholders' equity:			
Share capital	8	13,219,927	12,342,649
Subscriptions receivable		(2,300)	(8,300)
Share-based payments reserve	8	2,374,744	1,650,243
Deficit		(13,627,511)	(12,162,058)
		1,965,860	1,822,534
		\$ 2,103,784	\$ 2,279,867

Nature of operations and going concern (Note 1)

Commitments (Note 4)

Subsequent events (Note 11)

Approved on behalf of the Board on November 29, 2016:

“Jeff Sundar” Director
Jeff Sundar

“Robert McLeod” Director
Robert McLeod

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

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian dollars)

	Note	3 Months Ended September 30, 2016	3 Months Ended September 30, 2015	6 Months Ended September 30, 2016	6 Months Ended September 30, 2015
Expenses					
Accounting and audit		\$ 20,300	\$ 4,320	\$ 30,050	\$ 7,320
Amortization	5	975	1,226	975	2,451
Consulting		3,000	42,665	25,000	65,065
Director fees		21,000	-	42,000	-
Geological exploration costs	4	174,777	22,972	253,537	30,926
Insurance		1,345	-	5,092	651
Investor relations		100,767	1,667	193,104	20,142
Professional fees		6,062	1,894	14,567	9,115
Listing and filing fees		4,428	4,655	17,884	11,720
Office and sundry		7,877	2,423	14,554	5,245
Salaries and employee benefits		78,750	17,500	134,250	36,250
Share-based payments	8(d)	722,471	1,600	722,471	6,132
Travel		3,839	1,029	11,969	2,455
Operating loss		(1,145,591)	(101,951)	(1,465,453)	(197,472)
Recovery of exploration and evaluation costs		-	10,500	-	10,500
Realized gain (loss) on sale of marketable securities		-	(27,575)	-	2,425
		-	(17,075)	-	12,925
Loss for the period		(1,145,591)	(119,026)	(1,465,453)	(184,547)
Unrealized gain on available-for-sale marketable securities		-	5,400	-	4,300
Comprehensive loss for the period		\$ (1,145,591)	\$ (113,626)	\$ (1,465,453)	\$ (180,247)
Loss per share – basic and diluted		\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Weighted average number of common shares outstanding		40,356,326	9,641,068	38,936,077	9,437,910

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

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited – Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Subscriptions receivable	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Total
Balance at March 31, 2015		8,638,333	\$ 9,667,246	\$ -	\$ 1,569,606	\$ (4,300)	\$ (11,305,504)	\$ (72,952)
Issued for cash	8(b)	780,000	117,000	(9,438)	-	-	-	107,562
Issued for mineral properties	8(b)	366,667	82,500	-	-	-	-	82,500
Share-based payments	8(d)	-	-	-	6,132	-	-	6,132
Sale of marketable securities		-	-	-	-	4,300	-	4,300
Net loss for the period		-	-	-	-	-	(184,547)	(184,547)
Balance at September 30, 2015		9,785,000	\$ 9,866,746	\$ (9,438)	\$ 1,575,738	\$ -	\$ (11,490,051)	\$ (57,005)
Balance at March 31, 2016		35,822,496	\$ 12,342,649	\$ (8,300)	\$ 1,650,243	\$ -	\$ (12,162,058)	\$ 1,822,534
Issued for cash	8(b)	2,675,000	535,000	6,000	-	-	-	541,000
Share issuance costs	8(b)	-	(35,277)	-	12,927	-	-	(22,350)
Warrants exercised	8(b)	669,443	101,522	-	(10,897)	-	-	90,625
Issue for property	8(b)	453,331	106,533	-	-	-	-	106,533
Shares for debt	8(b)	1,356,000	169,500	-	-	-	-	169,500
Share-based payments	8(d)	-	-	-	722,471	-	-	722,471
Net loss for the period		-	-	-	-	-	(1,465,453)	(1,465,453)
Balance at September 30, 2016		40,976,270	\$ 13,219,927	\$ (2,300)	\$ 2,374,744	\$ -	\$ (13,627,511)	\$ 1,964,860

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

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Condensed Interim Consolidated Statements of Cash Flows for the Six Months Ended September 30,

(Unaudited – Expressed in Canadian dollars)

	Note	2016	2015
OPERATING ACTIVITIES			
Loss for the period		\$ (1,465,453)	\$ (184,547)
Items not involving cash:			
Amortization	5	975	2,451
Share-based payments	8(d)	722,471	6,132
Realized gain on sale of marketable securities		-	(2,425)
Change in non-cash working capital items:			
Receivables		588	(3,319)
Prepaid expenses		(60,180)	1,029
Accounts payable and accrued liabilities		(194,231)	8,609
Due to related parties		45,322	33,607
Cash used in operating activities		(950,508)	(138,463)
INVESTING ACTIVITIES			
Exploration and evaluation assets	4	(40,185)	-
Purchase of equipment		(27,578)	-
Proceeds from sale of marketable securities		-	23,425
Cash provided by (used in) investing activities		(67,763)	23,425
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net issuance costs	8(b)	518,650	-
Proceeds from warrant exercises	8(b)	90,625	107,562
Cash provided by financing activities		609,275	107,562
Change in cash		(408,996)	(7,476)
Cash, beginning of the period		1,122,979	22,894
Cash, end of the period		\$ 713,983	\$ 15,418
Non-cash investing and financing activities:			
Shares issued for mineral property interests	8(b)	\$ 106,533	\$ 82,500
Shares issued for debt	8(b)	\$ 169,500	\$ -
Fair value of warrants exercised	8(c)	\$ 10,897	\$ -
Finder's warrants issued for private placement	8(b)(c)	\$ 12,927	\$ -

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

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

1. Nature of operations and going concern

Genesis Metals Corp. (the “Company” or “Genesis”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2010 and its principal activity is the acquisition and exploration of mineral property interests in Canada. The head office of the Company is located at #1500 - 409 Granville Street, Vancouver, BC.

On March 1, 2016, the Company completed its arrangement agreement (the “Arrangement”) with Tawsho Mining Inc. (“Tawsho”) pursuant to which Genesis acquired all of the issued and outstanding common shares of Tawsho in consideration for the issuance of 8,166,664 common shares of the Company (note 3). The Arrangement was completed by way of a statutory plan of arrangement whereby Tawsho amalgamated with 1057643 B.C. Ltd., the Company’s subsidiary incorporated for the Arrangement. The amalgamated subsidiary changed its name to “Chevrier Metals Corp.” and became a wholly-owned subsidiary of Genesis. Pursuant to the Arrangement, the Company completed a consolidation of its common shares on the basis of 1.5 pre-consolidation shares for one new post-consolidation share. As a result of the Arrangement, the Company owns rights to 100% of the interests in Tawsho’s prospective resource project in Quebec, the Chevrier Gold Project. All share and per share amounts have been restated to reflect the share consolidation.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The recoverability of the amounts shown for mineral property interests is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral properties represent acquisition costs incurred to date, less amounts recovered from third parties and impairment charges, and do not necessarily represent present or future values.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, the successful acquisition of an interest in assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Accordingly, there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

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

2. Significant accounting policies

(a) Accounting standards adopted in the current period:

As of April 1, 2016, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(b) Accounting standards issued for adoption in future periods:

The following new standards, amendments to standards and interpretations have been issued but are not yet effective as of the period ended September 30, 2016:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets. This standard is effective January 1, 2018.
- IAS 12 Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses. This standard is effective January 1, 2017.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. Acquisition of Tawsho Mining Inc.

Tawsho was a publicly traded corporation, with its shares listed on the TSX-V, which was engaged in the acquisition, exploration and development of properties for the mining of precious and base metals in Canada.

Pursuant to the Arrangement, the Company acquired all of the issued and outstanding common shares of Tawsho on March 1, 2016 in consideration for 8,166,664 common shares of the Company for each Tawsho common share issued and outstanding. This transaction was treated as an asset acquisition.

In addition, outstanding options and warrants to purchase Tawsho common shares were converted into options and warrants to purchase Genesis common shares, with appropriate adjustments to reflect the Share Exchange Ratio (0.23 Genesis common shares for each Tawsho common share). The incremental value of the outstanding options and warrants to purchase Tawsho common shares is calculated to be \$Nil.

Purchase Price:		
Fair value of 8,166,664 common shares	\$	816,666
Fair value of 679,166 finders' common shares		67,916
Transaction costs		144,411
Total Purchase Price	\$	1,028,993
Purchase Price Allocation:		
Cash	\$	10,196
Receivables		3,347
Prepaid expenses		3,200
Equipment		618
Exploration and evaluation assets		1,096,197
Accounts payable and accrued liabilities		(78,291)
Flow-through premium liability		(6,274)
Total Purchase Price Allocated	\$	1,028,993

The fair value of the Company's shares was calculated based on the value of shares issued with the concurrent non-brokered private placement.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets

Balance consists of:

	Chevrier Gold, Quebec	October Gold, Ontario	Total
Balance, March 31, 2015	\$ -	\$ 119,625	\$ 119,625
Additions	1,096,197	82,500	1,178,697
Write-down	-	(202,125)	(202,125)
Balance, March 31, 2016	\$ 1,096,197	\$ -	\$ 1,096,197
Additions	10,185	136,533	146,718
Balance, September 30, 2016	\$ 1,106,382	\$ 136,533	\$ 1,242,915

Change in the balance represents additional acquisition costs incurred in the period, including option payments.

(a) Chevrier Gold, Quebec

On March 1, 2016, the Company acquired all the issued and outstanding shares in Tawsho (note 3) which holds 100% interest in the Chevrier Gold Project. In exchange, the Company issued 8,166,664 common shares valued at \$816,666, 679,166 finders' common shares valued at \$67,916, and paid \$144,411 for total consideration of \$1,028,993 to the Tawsho shareholders. The share consideration was allocated to the net assets of the Tawsho, with \$1,096,197 allocated to the Chevrier Gold property.

The Chevrier Gold Property consists of various contiguous mining claims and is located in the Province of Quebec. Some of these claims are subject to royalties ranging from 7.5% - 10% on net profits of production and a 0.5% on the net smelter return royalties.

During the six months ended September 30, 2016, the Company paid \$10,185 in claim renewal fees which was capitalized to exploration and evaluation assets.

(b) October Gold

On September 9, 2011, the Company entered into an option agreement, subsequently amended, with three individuals and a corporation (the "October Gold Optionors") to acquire a 100% interest in mineral rights to the October Gold property located within the Abitibi belt in Ontario.

On April 22, 2014, the agreement with the October Gold Optionors was amended to defer cash payments of \$50,000 each originally due on April 12, 2014 and April 12, 2015 to April 12, 2015 and April 12, 2016, respectively. In exchange, the Company will issue an additional 20,833 (total 41,667) and 41,667 (total 83,334) common shares on April 12, 2015 and 2016, respectively.

On April 20, 2015, the agreement with the October Gold Optionors was amended to cancel cash payment of \$50,000 and share payment of 41,667 common shares due April 12, 2015, and to cancel the share payment of 83,333 due April 12, 2016. In exchange, the Company will issue 366,667 common shares by May 15, 2015 (issued) and 333,333 common shares by April 12, 2016.

On July 2, 2016, the \$50,000 April 12, 2016 cash payment was amended to \$30,000 (paid) and the 333,333 share payment due on April 12, 2016 was amended to 453,331 common shares (issued). The 453,331 common shares had a value of \$106,533 which was capitalized to exploration and evaluation assets.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

(b) October Gold (continued)

In order to earn its interest, the Company is required to make payments and issue common shares as follows:

(i) Cash payments:

Date	Amount	
April 12, 2012	\$	50,000 (paid)
April 12, 2013		25,000 (paid)
April 12, 2016		30,000 (paid)
Total	\$	105,000

(ii) Shares issued:

Date	Number of Shares	
April 12, 2012	5,556	(issued)
April 12, 2013	25,000	(issued)
May 06, 2015	366,667	(issued)
April 12, 2016	453,331	(issued)
Total	850,554	

The Company is also required to fulfill annual work commitments of \$520,400 by April 12 of each year on the claims to keep the property in good standing:

In the event these work commitments are not fulfilled, the number of claims comprising the October Gold property will be reduced accordingly. The Company has incurred the required exploration expenditures up to April 12, 2013.

The spending requirements thereafter have been and are on special hold status pending a resolution of a dispute with various First Nation parties.

Following the exercise of the option, the Company is required to issue 50,000 additional common shares of the Company upon filing a technical report under National Instrument 43-101 demonstrating mineral resources on the October Gold property and 83,333 additional common shares of the Company upon filing a bankable feasibility study.

Upon exercise of the option, the October Gold Optionors are entitled to a 3.0% NSR of which 2.0% can be repurchased by the Company on payment of \$500,000 for each 1% NSR.

During the year ended March 31, 2016, the Company impaired its October Gold property by \$202,125 (March 31, 2015 - \$Nil) to \$nil as no exploration expenditures were incurred on the property and no expenditures were budgeted for the upcoming fiscal year.

During the six months ended September 30, 2016, the Company paid the \$30,000 cash payment and issued the required 453,331 common shares which had a value of \$106,533. Both cash and share payments were capitalized to exploration and evaluation assets.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

Exploration and evaluation expenditures are as follows:

Six months ended September 30, 2016	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ 8,604	\$ -	\$ -	\$ 8,604
General field and camp costs	38,832	-	900	39,732
Geological consulting and contractors	148,284	550	35,000	183,834
Travel	21,367	-	-	21,367
Total	\$ 217,087	\$ 550	\$ 35,900	\$ 253,537

Six months ended September 30, 2015	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ -	\$ -	\$ -	\$ -
General field and camp costs	-	-	15,926	15,926
Geological consulting and contractors	-	-	15,000	15,000
Permitting	-	-	-	-
Total	\$ -	\$ -	\$ 30,926	\$ 30,926

*Other costs are for general exploration.

5. Equipment

	Computer Equipment	Furniture & Fixtures	Vehicles	Field Equipment	Total
Cost					
At March 31, 2015	\$ 19,703	\$ 9,066	\$ 33,473	\$ -	\$ 62,242
Assets acquired from the Arrangement	319	300	-	-	619
Write down of equipment	(20,022)	(9,366)	(33,473)	-	(62,861)
At March 31, 2016	-	-	-	-	-
Additions	-	7,426	16,193	3,959	27,578
At September 30, 2016	\$ -	\$ 7,426	\$ 16,193	\$ 3,959	\$ 27,578

Accumulated Amortization					
At March 31, 2015	\$ 14,282	\$ 5,034	\$ 25,245	\$ -	\$ 44,561
Amortization	1,634	811	2,469	-	4,914
Write down of equipment	(15,916)	(5,845)	(27,714)	-	(49,475)
At March 31, 2016	-	-	-	-	-
Amortization	-	96	747	132	975
At September 30, 2016	\$ -	\$ 96	\$ 747	\$ 132	\$ 975

Carrying Value					
At March 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
At September 30, 2016	\$ -	\$ 7,330	\$ 15,446	\$ 3,827	\$ 26,603

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

6. Accounts payable

	September 30, 2016	March 31, 2016
Accounts payable	\$ 49,045	\$ 325,749
Accrued liabilities	3,500	35,527
	<u>\$ 52,545</u>	<u>\$ 361,276</u>

7. Related party transactions

(a) Transactions:

Key management personnel consist of directors and senior management including the President, Executive Vice President, Chief Executive Officer, Chief Financial Officer, Vice President of Exploration, and Executive Director.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Six months September 30, 2016	Six months September 30, 2015
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 138,600	\$ 75,000
Director fees	42,000	-
Share-based payments to directors and officers	527,208	6,132
	<u>\$ 707,808</u>	<u>\$ 81,132</u>

During the six months ended September 30, 2016, payments to companies with common directors and officers for office and administration costs totalled \$1,441 (2015 - \$1,329).

(b) Due to related parties:

	September 30, 2016	March 31, 2016
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 31,105	\$ 76,611
Director fees	49,000	7,000
Office, administration, and consulting costs to a company jointly controlled by two directors	-	5,120
Expense reimbursements to related parties	-	1,052
	<u>\$ 80,105</u>	<u>\$ 89,783</u>

In April 2016, 440,000 common shares were issued at \$0.125 per share to settle \$55,000 of related party payables.

Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

8. Share capital

(a) Authorized:

Unlimited common shares without par value.

In March 2016, pursuant to the Arrangement, the Company completed a consolidation of its common shares on the basis of 1.5 pre-consolidation shares for one new post-consolidation share. All share and per share amounts have been restated to reflect the share consolidation.

(b) Share issuances:

On May 6, 2015, the Company issued 366,667 shares at a price of \$0.225 per share for the October Gold property.

During the six months ended September 30, 2015, the Company issued 780,000 shares from the exercise of warrants at \$0.15 for gross proceeds of \$117,000 of which \$9,438 was recorded as subscriptions receivable and received subsequent to the September 30, 2015 period end.

On April 8, 2016, the Company issued 1,356,000 common shares at a price of \$0.125 per share to settle \$169,500 in debt.

On June 15, 2016, the Company completed a non-brokered private placement of 1,425,000 units at \$0.20 per unit for gross proceeds of \$285,000. Each unit comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.30 for a period of two years. The Company also issued 1,250,000 flow-through shares at \$0.20 per share for gross proceeds of \$250,000. Finder's fees of \$21,600 were paid in cash and 108,000 finder's warrants were issued valued at \$12,927. Each finder's warrant entitles the holder to purchase one common share at \$0.30 per share for a period of two years.

On August 2, 2016, the Company issued 453,331 common shares at a price of \$0.235 per share for the October Gold property.

During the six months ended September 30, 2016, the Company issued a total of 669,443 common shares from the exercise of warrants for gross proceeds of \$90,625. The warrants had a fair value of \$10,897 which was reclassified from reserves to share capital upon issuance.

(c) Warrants:

The changes in warrants issued are as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2015	2,130,781	\$ 0.93
Granted during the year	7,979,345	0.22
Expired during the year	(44,633)	(2.25)
Exercised during the year	(971,667)	(0.15)
Balance, March 31, 2016	9,093,826	\$ 0.21
Granted during the period	820,500	0.30
Exercised during the period	(669,443)	(0.14)
Expired during the period	(540,478)	(0.51)
Balance, September 30, 2016	8,704,405	\$ 0.21

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

8. Share capital (continued)

(c) Warrants (continued):

Summary details of warrants outstanding are as follows:

March 31, 2016	Granted	Exercised	Expired	March 31, 2016	Exercise Price	Expiry Date
232,167	-	-	-	232,167	\$ 0.20	March 26, 2017 ¹
12,223	-	-	-	12,223	\$ 0.20	April 25, 2017 ¹
59,555	-	-	-	59,555	\$ 0.20	June 6, 2017 ²
13,926	-	-	(13,926)	-	\$ 1.35	September 24, 2016
94,777	-	-	-	94,777	\$ 0.20	September 24, 2017 ³
205,167	-	-	-	205,167	\$ 0.20	September 27, 2017 ⁴
18,333	-	-	-	18,333	\$ 0.20	October 30, 2017 ⁴
311,667	-	-	-	311,667	\$ 0.15	January 2, 2017
166,666	-	-	-	166,666	\$ 0.15	January 8, 2017
633,333	-	(494,443)	-	138,890	\$ 0.11	March 2, 2017
5,250,000	-	(175,000)	-	5,075,000	\$ 0.20	March 21, 2018
650,400	-	-	-	650,400	\$ 0.20	March 21, 2018
526,552	-	-	(526,552)	-	\$ 0.52	April 29, 2016 ⁵
735,248	-	-	-	735,248	\$ 0.22	May 11, 2017 ⁵
183,812	-	-	-	183,812	\$ 0.22	June 11, 2017 ⁵
-	712,500	-	-	712,500	\$ 0.30	June 15, 2018
-	108,000	-	-	108,000	\$ 0.30	June 15, 2018
9,093,826	820,500	(669,443)	(540,478)	8,704,405	\$ 0.21	

¹ – The expiry of warrants issued on March 26, 2013 and April 25, 2014 were extended to March 26, 2017 and April 25, 2017, respectively. The warrants were also re-priced from \$2.25 to \$0.20.

² – The expiry of warrants issued on June 6, 2012 were extended to June 6, 2017. The warrants were also re-priced from \$4.50 to \$0.20

³ – The expiry of warrants issued on September 24, 2013 were extended to September 24, 2017, and re-priced from \$1.35 to \$0.20.

⁴ – The expiry of warrants issued on September 27, 2012 and November 30, 2012 were extended to September 27, 2017 and October 30, 2017. The warrants were also re-priced from \$3.15 to \$0.20.

⁵ – The warrants were originally issued by Tawsho and upon completion of the Arrangement, the Tawsho warrants were exchanged for Genesis warrants at the exchange ratio.

No value was attributed to the extensions and re-pricing.

On June 15, 2016, 712,500 share purchase warrants and 108,000 finders' warrants were issued concurrent with the private placement, exercisable at \$0.30 for a period of two years.

During the six months ended September 30, 2016, 669,443 warrants were exercised for gross proceeds of \$90,625.

During the six months ended September 30, 2016, 540,478 warrants expired unexercised.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

8. Share capital (continued)

(c) Warrants (continued):

The fair value of finders' warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Period ended September 30, 2016	Period ended September 30, 2015
Average risk-free interest rate	0.48%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	128.17%	N/A
Average expected option life in years	2.0	N/A

(d) Share-based payments:

The Company has a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted have a maximum exercise timeline of ten years from date of grant or such lesser period as determined by the board of directors.

The exercise price of an option is not less than the closing price on the TSX Venture on the last trading day preceding the grant date. All option grants vest over 12 months. Under the plan the Company is authorized to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding.

The changes in stock options issued are as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2015	200,000	\$ 0.23
Granted during the year	383,707	0.62
Balance, March 31, 2016	583,707	\$ 0.48
Cancelled during the period	(383,707)	(0.62)
Granted during the period	3,700,000	0.22
Balance, September 30, 2016	3,900,000	\$ 0.22

Summary of details of options outstanding are as follows:

March 31, 2016	Granted	Exercised	Cancelled	June 30, 2016	Exercise Price	Expiry Date
200,000	-	-	-	200,000	\$ 0.23	August 5, 2024
28,721	-	-	(28,721)	-	\$ 1.09	February 13, 2017
45,952	-	-	(45,952)	-	\$ 0.48	August 1, 2023
234,361	-	-	(234,361)	-	\$ 0.48	August 1, 2023
57,441	-	-	(57,441)	-	\$ 1.09	August 1, 2023
17,232	-	-	(17,232)	-	\$ 0.48	August 1, 2023
-	3,700,000	-	-	3,700,000	\$ 0.22	July 27, 2021
583,707	3,700,000	-	(383,707)	3,900,000	\$ 0.22	

During the six months ended September 30, 2016, 383,707 options issued to the Tawsho option holders were forfeited.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

8. Share capital (continued)

(d) Share-based payments (continued):

On July 27, 2016, the Company granted 3,700,000 stock options with an exercise price of \$0.22 for a period of five years vesting immediately. The options have a fair value of \$722,471 which was included in share-based compensation expense.

The fair value of stock options used to calculate share-based payment compensation is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Period ended September 30, 2016	Period ended September 30, 2015
Average risk-free interest rate	0.65%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	150.60%	N/A
Average expected option life in years	5.0	N/A

9. Financial instruments

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company recognizes marketable securities at fair value which is considered a level 1 fair value measurement. The carrying values of cash, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their short terms to maturity.

Financial instrument risk exposure and risk management:

(i) Credit risk:

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to cash and cash equivalents. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 12 of these financial statements. As at September 30, 2016, the Company had cash of \$713,983 to settle liabilities of \$137,924. All of the Company's liabilities are due currently. The Company's expenditure commitments, pursuant to option agreements related to mineral properties, are disclosed in note 4.

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended September 30, 2016

(Unaudited – Expressed in Canadian dollars)

9. Financial instruments (continued)

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest bearing financial assets are comprised of cash which bears interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

10. Capital management

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.
- To invest cash in demand deposits with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets.

In order to maximize ongoing operations, the Company does not pay dividends. Notwithstanding the risks described in note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

11. Subsequent events

On October 4, 2016, 16,667 warrants were exercised at \$0.15 per share for gross proceeds of \$2,500.