

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

GENESIS METALS CORP.

(Formerly Entourage Metals Ltd.)

Period Ended December 31, 2016

NOTICE TO SHAREHOLDERS OF

Genesis Metals Corp.

Responsibility for Financial Statements:

The accompanying condensed unaudited interim financial statements for the period ended December 31, 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	December 31, 2016	March 31, 2016
Assets			
Current assets:			
Cash		\$ 614,756	\$ 1,122,979
Receivables		49,654	35,670
Prepaid expenses		115,984	25,021
		780,394	1,183,670
Exploration and evaluation assets	4	1,242,915	1,096,197
Equipment	5	22,621	-
		\$ 2,045,930	\$ 2,279,867

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 194,829	\$ 361,276
Due to related parties	8	130,150	89,783
Flow-through premium liability		6,274	6,274
		331,253	457,333
Shareholders' equity:			
Share capital	9	13,245,328	12,342,649
Subscriptions receivable		(7,300)	(8,300)
Subscriptions received		100,000	-
Share-based payments reserve	9	2,374,744	1,650,243
Deficit		(13,998,095)	(12,162,058)
		1,714,677	1,822,534
		\$ 2,045,930	\$ 2,279,867

Nature of operations and going concern (Note 1)

Commitments (Note 4)

Subsequent events (Note 12)

Approved on behalf of the Board on February 28, 2017:

"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 December 31, 2016	3 Months Ended December 31, 2015	9 Months Ended December 31, 2016	9 Months Ended December 31, 2015
Expenses					
Accounting and audit		\$ 12,000	\$ 4,500	\$ 42,050	\$ 11,820
Amortization	5	1,537	1,225	2,512	3,676
Consulting		21,000	40,500	46,000	105,565
Director fees	8	21,000	-	63,000	-
Geological exploration costs	4	115,422	50,135	368,959	81,061
Insurance		3,779	-	8,871	651
Investor relations		86,022	57,771	279,126	77,913
Professional fees		1,918	13,900	16,485	23,015
Listing and filing fees		6,384	12,868	24,268	24,588
Office and sundry		9,332	8,602	23,886	13,847
Salaries and employee benefits		78,750	16,875	213,000	53,125
Share-based payments	9(d)	-	-	722,471	6,132
Travel		13,440	1,844	25,409	4,299
Operating loss		(370,584)	(208,220)	(1,836,037)	(405,692)
Recovery of exploration and evaluation costs		-	-	-	10,500
Realized gain on sale of marketable securities		-	-	-	2,425
		-	-	-	12,925
Loss for the period		(370,584)	(208,220)	(1,836,037)	(392,767)
Unrealized gain on available-for-sale marketable securities		-	-	-	4,300
Comprehensive loss for the period		\$ (370,584)	\$ (208,220)	\$ (1,836,037)	\$ (388,467)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.03)
Weighted average number of common shares outstanding		41,041,125	14,714,592	39,640,312	14,343,450

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GENESIS METALS CORP.

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

(Unaudited – Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Subscriptions receivable	Subscriptions received	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	9(b)	805,000	120,750	-	-	-	-	-	120,750
Issued for mineral properties	9(b)	366,666	82,500	-	-	-	-	-	82,500
Share-based payments	9(d)	-	-	-	-	6,132	-	-	6,132
Sale of marketable securities		-	-	-	-	-	4,300	-	4,300
Net loss for the period		-	-	-	-	-	-	(392,767)	(392,767)
Balance at December 31, 2015		9,809,999	\$ 9,870,496	\$ -	\$ -	\$ 1,575,738	\$ -	\$ (11,698,271)	\$ (252,037)
Issued for cash	9(b)	17,166,667	1,725,000	(8,300)	-	-	-	-	1,716,700
Acquisition of Tawsho Mining	9(b)	8,166,664	816,666	-	-	-	-	-	816,666
Acquisition finders' shares	9(b)	679,166	67,917	-	-	-	-	-	67,917
Share issuance costs	9(b)	-	(137,430)	-	-	60,547	-	-	(76,883)
Share-based payments	9(c)	-	-	-	-	13,958	-	-	13,958
Net loss for the period		-	-	-	-	-	-	(463,787)	(463,787)
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	9(b)	2,675,000	535,000	6,000	-	-	-	-	541,000
Subscriptions received	9(b)	-	-	-	100,000	-	-	-	100,000
Warrants exercised	9(b)	852,777	129,022	(5,000)	-	(10,897)	-	-	113,125
Issue for property	9(b)	453,331	106,533	-	-	-	-	-	106,533
Shares for debt	9(b)	1,356,000	169,500	-	-	-	-	-	169,500
Share-based payments	9(d)	-	-	-	-	722,471	-	-	722,471
Share issuance costs	9(b)	-	(37,376)	-	-	12,927	-	-	(24,449)
Net loss for the period		-	-	-	-	-	-	(1,836,037)	(1,836,037)
Balance at December 31, 2016		41,159,604	\$ 13,245,328	\$ (7,300)	\$ 100,000	\$ 2,374,744	\$ -	\$ (13,998,095)	\$ 1,714,677

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 Nine Months Ended December 31,

(Unaudited – Expressed in Canadian dollars)

	Note	2016	2015
OPERATING ACTIVITIES			
Loss for the period		\$ (1,836,037)	\$ (392,767)
Items not involving cash:			
Amortization	5	2,512	3,676
Share-based payments	9(d)	722,471	6,132
Realized gain on sale of marketable securities		-	(2,425)
Change in non-cash working capital items:			
Receivables		(13,984)	(9,886)
Prepaid expenses		(90,963)	(23,186)
Accounts payable and accrued liabilities		(51,946)	127,651
Due to related parties		95,367	74,391
Cash used in operating activities		(1,172,580)	(216,414)
INVESTING ACTIVITIES			
Exploration and evaluation assets	4	(40,185)	-
Purchase of equipment		(25,134)	-
Proceeds from sale of marketable securities		-	23,425
Cash provided by (used in) investing activities		(65,319)	23,425
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net issuance costs	9(b)	516,551	-
Proceeds from exercise of warrants	9(b)	113,125	120,750
Share subscriptions received	9(b)	100,000	-
Proceeds from loans	7	-	53,125
Cash provided by financing activities		729,676	173,875
Change in cash		(508,223)	(19,114)
Cash, beginning of the period		1,122,979	22,894
Cash, end of the period		\$ 614,756	\$ 3,780
Non-cash investing and financing activities:			
Shares issued for mineral property interests	9(b)	\$ 106,533	\$ 82,500
Shares issued for debt	9(b)	\$ 169,500	\$ -
Fair value of warrants exercised	9(b)(c)	\$ 10,897	\$ 31,762
Finder's warrants issued for private placement	9(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 Nine Months Ended December 31, 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. All share and per share amounts have been restated to reflect the share consolidation. 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.

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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 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 December 31, 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 Venture Exchange (“TSX Venture”), 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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 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, December 31, 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 nine months ended December 31, 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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 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 the completion of a Memorandum of Understanding 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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 2016

(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

Exploration and evaluation expenditures are as follows:

Nine months ended December 31, 2016	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ 42,066	\$ -	\$ -	\$ 42,066
General field and camp costs	47,194	-	1,268	48,461
Geological consulting and contractors	205,494	550	51,000	257,044
Travel	21,388	-	-	21,388
Total	\$ 316,142	\$ 550	\$ 52,268	\$ 368,959

Nine months ended December 31, 2015	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ -	\$ -	\$ 343	\$ 343
General field and camp costs	-	-	4,571	4,571
Geological consulting and contractors	-	-	76,147	76,147
Permitting	-	-	-	-
Total	\$ -	\$ -	\$ 81,061	\$ 81,061

*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	-	6,798	14,736	3,600	25,134
At December 31, 2016	\$ -	\$ 6,798	\$ 14,736	\$ 3,600	\$ 25,134

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	-	427	1,785	300	2,512
At December 31, 2016	\$ -	\$ 427	\$ 1,785	\$ 300	\$ 2,512

Carrying Value					
At March 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
At December 31, 2016	\$ -	\$ 6,371	\$ 12,951	\$ 3,300	\$ 22,622

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 2016

(Unaudited – Expressed in Canadian dollars)

6. Accounts payable

	December 31, 2016	March 31, 2016
Accounts payable	\$ 188,329	\$ 325,749
Accrued liabilities	6,500	35,527
	<u>\$ 194,829</u>	<u>\$ 361,276</u>

7. Loans payable

During the nine months ended December 31, 2015, the Company obtained three loans totalling \$53,125 from arm's length parties bearing no interest and repayable on the earlier of the completion of the Arrangement and August 4, 2016. The loans were fully repaid in March 2016.

8. 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 related parties:

	Nine months December 31, 2016	Nine months December 31, 2015
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 228,600	\$ 126,000
Consulting fees to a relative of a director	12,000	-
Director fees	63,000	-
Share-based payments to directors and officers	527,208	6,132
	<u>\$ 830,808</u>	<u>\$ 132,132</u>

During the nine months ended December 31, 2016, payments to companies with common directors and officers for rent, office and administration costs totalled \$11,340 (2015 - \$5,115).

(b) Due to related parties:

	December 31, 2016	March 31, 2016
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 56,862	\$ 76,611
Consulting fees to a relative of a director	12,000	-
Director fees	61,000	7,000
Office, administration, and consulting costs to a company jointly controlled by two directors	-	5,120
Expense reimbursements to related parties	288	1,052
	<u>\$ 130,150</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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 2016

(Unaudited – Expressed in Canadian dollars)

9. 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 366,666 shares at a price of \$0.225 per share for the October Gold property.

During the nine months ended December 31, 2015, the Company issued 805,000 shares from the exercise of warrants for gross proceeds of \$120,750.

On March 1, 2016, the Company completed its acquisition of Tawsho (note 3) and issued 8,166,664 shares valued at \$0.10 per share in exchange for all the issued and outstanding shares of Tawsho. In accordance with the Arrangement, the Company issued 679,166 common shares at \$0.10 per share as finders' fees for the Arrangement.

On March 21, 2016, the Company completed a non-brokered private placement for 10,500,000 non-flow-through units and 6,500,000 flow-through shares at \$0.10 per share for gross proceeds of \$1,700,000. Each non-flow-through unit consists of one common share and one-half warrant, with each whole warrant exercisable at \$0.20 for two years. A finders' fee of \$65,040 in cash and 650,400 share purchase warrants valued at \$60,548 were paid in connection with the financing. As at March 31, 2016, \$8,300 of the gross proceeds remains receivable and was recorded as subscriptions receivable.

In connection with the private placement, the Company incurred share issuance costs of \$11,842.

During the three months ended March 31, 2016, the Company issued 166,667 shares from the exercise of warrants for gross proceeds of \$25,000.

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 nine months ended December 31 2016, the Company issued a total of 852,777 common shares from the exercise of warrants for gross proceeds of \$118,125. The warrants had a fair value of \$10,897 which was reclassified from reserves to share capital upon issuance.

In December 2016, the Company received share subscriptions for \$100,000 for a subsequent financing.

In connection with the private placement, the Company incurred share issuance costs of \$2,849.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended December 31, 2016

(Unaudited – Expressed in Canadian dollars)

9. Share capital (continued)

(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	(852,777)	(0.14)
Expired during the period	(540,478)	(0.51)
Balance, December 31, 2016	8,521,071	\$ 0.21

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	-	(50,000)	-	261,667	\$ 0.15	January 2, 2017 ⁵
166,666	-	(133,334)	-	33,332	\$ 0.15	January 8, 2017 ⁶
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 ⁷
735,248	-	-	-	735,248	\$ 0.22	May 11, 2017 ⁷
183,812	-	-	-	183,812	\$ 0.22	June 11, 2017 ⁷
-	712,500	-	-	712,500	\$ 0.30	June 15, 2018
-	108,000	-	-	108,000	\$ 0.30	June 15, 2018
9,093,826	820,500	(852,777)	(540,478)	8,521,071	\$ 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 expired unexercised subsequent to period end

⁶ – The remaining January 7, 2017 warrants were exercised subsequent to period end

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9. Share capital (continued)

(c) Warrants (continued):

⁷ – *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 (note 3).*

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

On March 1, 2016, the Company granted a total of 1,445,612 warrants to the Tawsho warrant holders at the exchange ratio in accordance with the Arrangement (Note 3). The warrants are exercisable for the same aggregate consideration payable.

On March 2, 2016, the Company granted 633,333 warrants to lenders for the loans payable exercisable at \$0.1125 and expires March 2, 2017. The lender warrants were valued at \$13,958 and recorded to profit and loss as share-based payments.

On March 21, 2016, the Company granted 5,250,000 share purchase warrants in connection with a private placement. The warrants are exercisable at \$0.20 for two years from issuance. Under the residual method, no value was attributable to these share purchase warrants. 650,400 finders' warrants were issued in connection with the financing, exercisable at \$0.20 for two years from issuance. The finders' warrants were valued at \$60,547 and recorded as share issuance costs.

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. The 712,500 warrants had a residual value of \$nil. The 108,000 finders' warrants had an estimated value of \$12,927 based on the Black-Scholes option pricing model with the following assumptions: risk-free interest rate 0.48%, dividend yield 0.0%, expected volatility 208.70%, and an expected life of two years.

During the nine months ended December 31, 2016, 852,777 warrants were exercised for gross proceeds of \$118,125, of which \$5,000 remains receivable at period end and was deposited in January 2017.

During the nine months ended December 31, 2016, 540,478 warrants expired unexercised.

(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.

On March 1, 2016 upon completion of the Arrangement, the Company replaced the Tawsho stock options outstanding by granting 383,707 stock options to holders of Tawsho stock options. There was no incremental value on the replacement of the Tawsho options.

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9. Share capital (continued)

(d) Share-based payments (continued):

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
Forfeited during the period	(383,707)	(0.62)
Granted during the period	3,700,000	0.22
Balance, December 31, 2016	3,900,000	\$ 0.22

Summary of details of options outstanding are as follows:

March 31, 2016	Granted	Exercised	Forfeited	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 nine months ended December 31, 2016, 383,707 options issued to the Tawsho option holders were forfeited.

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 had an estimated fair value of \$722,471 based on the Black-Scholes option pricing model with the following assumptions: risk-free interest rate 0.65%, dividend yield 0.0%, expected volatility 150.6%, and an expected life of five years.

During the nine months ended December 31, 2015, the Company expensed \$6,132 in share-based compensation from the vesting of 300,000 stock options granted on August 5, 2014.

10. 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 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.

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10. Financial instruments (continued)

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 11 of these financial statements. As at December 31, 2016, the Company had cash of \$614,756 to settle liabilities of \$331,253. 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.

(iii) 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.

11. 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.

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12. Subsequent events

On January 19, 2017, the Company granted 300,000 stock options to consultants exercisable at \$0.20 for five years, vesting immediately.

On February 1, 2017, the Company entered into a property purchase and sale agreement to acquire a 100% interest in the Hygrade property from Les Ressources Tectonic Inc. (“Tectonic”). Subject to regulatory approval, Genesis will acquire an undivided 100% interest in the Property by:

- making a cash payment to Tectonic of C\$25,000 (paid);
- issuing 166,666 common shares of Genesis to Tectonic (issued); and
- granting a 2% net smelter royalty to Tectonic, which royalty may be decreased to 1% at any time by paying Tectonic the sum of C\$1,500,000 on the third business day following receipt of TSX Venture approval.

On February 14, 2017, the Company closed a non-brokered private placement of 4,400,000 units at \$0.15 per unit for gross proceeds of \$660,000. Each unit in the private placement comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at \$0.25 for a period of two years. Finder’s fees of \$19,604 were paid in cash and 130,695 finder’s warrants were issued. Each finder’s warrant entitles the holder to purchase one common share at \$0.25 per share for a period of two years.

Subsequent to period end, 172,220 warrants were exercised for gross proceeds of \$20,625.

Subsequent to period end, 261,667 warrants expired unexercised.