

VATIC VENTURES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**NINE MONTHS ENDED
NOVEMBER 30, 2016**

EXPRESSED IN CANADIAN DOLLARS

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor Davidson & Company LLP has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements.

January 31, 2017

VATIC VENTURES CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars - unaudited)

	November 30, 2016	February 29, 2016
ASSETS		
Current		
Cash	\$ 59,691	\$ 28,848
Amounts receivable	15,462	9,301
Prepaid expenses	13,126	13,126
	88,279	51,275
Non-current		
Equipment (Note 4)	2,398	2,878
Exploration and evaluation assets (Note 5)	672,081	-
Total assets	\$ 762,757	\$ 54,153
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 153,321	\$ 287,014
Loans payable (Note 7)	90,343	175,246
Due to related parties (Note 11)	110,924	187,205
Total liabilities	354,588	649,465
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	4,500,368	2,979,788
Subscriptions received (Note 8)	-	128,250
Share-based payment reserve (Note 8)	65,630	65,630
Warrant reserve (Note 8)	76,836	31,056
Deficit	(4,234,665)	(3,800,036)
Total shareholders' equity (deficiency)	408,169	(595,312)
Total liabilities and shareholders' deficiency	\$ 762,757	\$ 54,153

Nature of operations and going concern (Note 1)

Commitments (Note 14)

Subsequent events (Note 15)

Approved by the Board of Directors

"Nasim Tyab"

Director

"Matt Mikulic"

Director

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

VATIC VENTURES CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

	Three months ended		Nine months ended	
	November 30,	November 30,	November 30,	November 30,
	2016	2015	2016	2015
Expenses				
Amortization (Note 4)	\$ 160	\$ 305	\$ 480	\$ 910
Business development	4,920	1,257	70,020	1,257
Consulting fees	75,616	-	171,578	-
Directors' fees (Note 11)	10,000	-	10,000	-
Management fees (Note 11)	16,000	-	54,000	-
Office and miscellaneous	3,123	421	8,180	2,908
Professional fees	2,269	-	29,667	3,000
Rent	-	-	3,744	-
Transfer agent and filing fees	3,988	810	15,171	14,619
Travel	-	25,021	63,692	25,021
Total expenses	(116,076)	(27,814)	(426,532)	(47,715)
Interest expense (Note 7)	(2,555)	(4,185)	(8,096)	(11,464)
	(2,555)	(4,185)	(8,096)	(11,464)
Net and comprehensive loss for the period	\$ (118,631)	\$ (31,999)	\$ (434,629)	\$ (59,179)
Weighted average number of common shares outstanding (basic and diluted)	22,634,523	2,991,825	17,154,749	2,991,825
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)

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

VATIC VENTURES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars - audited)

	Number of shares issued	Share Capital	Warrant reserve	Share-based payment reserve	Subscriptions received (receivable)	Deficit	Total
Balance, March 1, 2015	2,991,825	\$ 2,979,788	\$ 31,056	\$ 65,630	\$ -	\$ (3,710,610)	\$ (634,136)
Net loss for the period	-	-	-	-	-	(59,179)	(59,179)
Balance, November 30, 2015	2,991,825	2,979,788	31,056	65,630	128,250	(3,800,036)	(595,312)

	Number of shares issued	Share Capital	Warrant reserve	Share-based payment reserve	Subscriptions received (receivable)	Deficit	Total
Balance, March 1, 2016	2,991,825	2,979,788	31,056	65,630	128,250	(3,800,036)	(595,312)
Net loss for the period	-	-	-	-	-	(434,629)	(434,629)
Private placement	21,331,149	1,243,837	-	-	-	-	1,243,837
Property acquisition	5,200,000	364,000	-	-	-	-	364,000
Finder's fee	-	(41,477)	-	-	-	-	(41,477)
Fair value of agent's warrants granted	-	(45,780)	45,780	-	-	-	-
Subscription received	-	-	-	-	(128,250)	-	(128,250)
Balance, November 30, 2016	29,522,974	\$ 4,500,368	\$ 76,836	\$ 65,630	\$ -	\$ (4,234,665)	\$ 408,169

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

VATIC VENTURES CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars - audited)

	Nine months ended	
	November 30, 2016	November 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (434,629)	\$ (59,179)
Adjustments for:		
Amortization	480	910
Interest expense	8,096	11,464
Changes in non-cash working capital items:		
Increase in amounts receivable	(6,161)	(34)
Decrease (increase) in due to related parties	(76,280)	61,517
Decrease in accounts payable and accrued liabilities	(133,693)	(38,619)
Net cash used in operating activities	(642,187)	(23,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(308,081)	-
Net cash used in investing activities	(308,081)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital	1,243,837	-
Subscriptions received	(128,250)	-
Share issuance costs	(41,477)	-
Loans payable (Note 7)	(92,999)	25,000
Net cash provided by financing activities	981,111	25,000
Increase (decrease) in cash	30,843	1,059
Cash (deficiency), beginning of the period	28,848	(972)
Cash, end of the period	\$ 59,691	\$ 87

Supplemental disclosure with respect to cash flows (Note 12)

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

VATIC VENTURES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month period ended November 30, 2016

1. NATURE OF OPERATIONS AND GOING CONCERN

Vatic Ventures Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on October 30, 2007 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange Policy 2.4 until January 26, 2011. On January 26, 2011, the Company completed its Qualifying Transaction (the “Transaction”) and received the final exchange bulletin for the Transaction from the Exchange. As a result, the Company’s shares are listed for trading on the Exchange under the trading symbol “VCV” on the NEX.

Following the completion of the Transaction, the Company is listed as a Tier 2 mining exploration issuer. The Company operates in a single business segment focusing on mineral exploration in British Columbia, Canada. To date, the Company has not generated any revenue from its mineral exploration activities and has met its cash requirements primarily through share issuances and interest income. Until the Company attains profitability, it will be necessary to raise additional financing for general working capital and for exploration costs on its properties. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

On January 27, 2016, the Company completed a share consolidation in which one post consolidation common share replaced four pre-consolidation common shares (Note 8). Upon Exchange approval of the share consolidation, the Company began trading on a post-consolidation basis under the symbol “VCV” on January 27, 2016. As such, all current and comparative share capital amounts have been restated to account for the 4 to 1 common share consolidation.

The head office, principal address, registered address and records office of the Company are located at 1008 Homer Street, Suite 200, Vancouver, British Columbia, Canada, V6B 2X1.

As at November 30, 2016, the Company had a cumulative equity of \$408,169 (February 29, 2016 - \$3,800,036 deficit) and a working capital deficiency of \$266,309 (February 29, 2016 - \$598,190). The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. However, the Company’s future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements of the Company 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 the financial statements

The consolidated financial statements of the Company for the nine months ended November 30, 2016, were reviewed by the Audit Committee and approved and authorized for issue on January 31, 2017 by the Board of Directors of the Company.

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts and operations of the Company and its wholly owned subsidiaries, VV Mining Exploration Services Mexico S. DE. R. I. and VV Mining Mexico S. DE R. I. C. V. The two subsidiaries were incorporated in Mexico on June 20, 2012. Details of controlled entities are as follows,

	Country of incorporation	Percentage owned November 30, 2016
VV Mining Exploration Services Mexico S. DE. R. I.	Mexico	100%
VV Mining Mexico S. DE R. I. C. V.	Mexico	100%

All inter-company transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented.

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, has been omitted or condensed.

The same accounting policies and methods of computation were followed in the preparation of these condensed consolidated interim financial statements as were followed in the preparation and described in Note 3 of the annual audited consolidated financial statements as at and for the year ended February 29, 2016. Accordingly, these condensed interim financial statements for the three and nine month period ended November 30, 2016 and 2015 should be read together with the annual consolidated financial statements as at and for the year ended February 29, 2016.

VATIC VENTURES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine month period ended November 30, 2016

4. EQUIPMENT

	Computer equipment	Furniture & fixtures	Total
Cost:			
At February 28, 2015	\$ 1,770	\$ 8,068	\$ 9,838
Amortization:			
At February 28, 2015	1,312	4,774	6,086
Charges for the year	206	668	874
At February 29, 2016	\$ 1,518	\$ 5,442	\$ 6,960
Net book value:			
At February 29, 2016	\$ 252	\$ 2,626	\$ 2,878
<hr/>			
	Computer equipment	Furniture & fixtures	Total
Cost:			
At February 29, 2016	\$ 1,770	\$ 8,068	\$ 9,838
Amortization:			
At February 29, 2016	1,518	5,442	6,960
Charges for the period	84	396	480
At November 30, 2016	\$ 1,602	\$ 5,838	\$ 7,440
Net book value:			
At November 30, 2016	\$ 168	\$ 2,230	\$ 2,398

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Notes to the Condensed Consolidated Interim Financial Statements
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5. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition and exploration costs on its mineral properties.

	Canada	Thailand	
	Brookmere Property	Khorat Basin Property	Total
Balance of costs			
Total acquisition costs	145,200	-	145,200
Total deferred exploration costs	278,565	-	278,565
Total Write-down of exploration and evaluation assets	(423,765)	-	(423,765)
Balance, February 28, 2015 and February 29, 2016	\$ -	\$ -	-
Total acquisition costs	-	672,081	672,081
Balance, November 30, 2016	\$ -	\$ 672,081	\$ 672,081

BROOKMERE PROPERTY

On May 17, 2010 and further amended on January 14, 2011, the Company entered into a mineral property option agreement (the "Agreement") with Eastland Management Ltd. ("Eastland"). Pursuant to the terms of the Agreement, the Company has the option to acquire a 100% undivided interest in 14 claims (the "Brookmere Property") located southwest of Merritt, British Columbia, Canada.

As at February 28, 2015, management decided not to pursue this property as a result of market constraints and economic feasibility of the project, and the property was written off entirely. An impairment charge of \$193,765 was recorded against the property.

KHORAT BASIN PROPERTY

On June 7, 2016 the Company entered into an assignment and purchase agreement (the "Agreement") to acquire 80% of the issued and outstanding shares (the "Shares") of Saksrithai Development Co. Ltd. ("Saksrithai"), a Thailand company which holds two special prospecting licenses ("SPLs") for the exploration of potash. The two licenses, which are contiguous, are located in the northern Thailand province of Nakkon Ratchasinna and comprise an area of approximately 32 km². The property is located in the western part of the Khorat Basin in the Khorat Plateau which contains a large evaporate basin of Cretaceous age.

Pursuant to the Agreement the Company has acquired the rights of Red Branch Investments Ltd. a Hong Kong incorporated company ("Red Branch") to acquire the Shares pursuant to a memorandum of understanding entered into among the holders of the Shares of Saksrithai (the "Saksrithai Shareholders"), Saksrithai and Red Branch dated February 26, 2016 which is superseded by a share purchase agreement (the "Underlying Acquisition Agreement"). In accordance with the terms of the Underlying Acquisition Agreement, as assigned to the Company, the Company has purchased the Shares by paying the Saksrithai Shareholders THB 8,000,000 (8,000,000 Thai Baht, the currency of Thailand, which equates to approximately US\$220,000). The Underlying Acquisition Agreement also provides that subsequent to Red Branch or its assigns purchasing the Shares, Red Branch or its assigns will fund a THB 50 million (approximately US\$1.4 million) first stage exploration and development program which will include sufficient funding to satisfy work and expenditure commitments under the SPLs, to pay the Thailand project expenses and funding for general and administrative expenses in Thailand and Canada. In the event that the full amount of THB 50 million is not expended the Saksrithai Shareholders will be entitled to a cash payment of 20% of the unspent balance,

VATIC VENTURES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars - unaudited)****For the nine month period ended November 30, 2016****5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

As consideration for the Agreement, the Company also issued 5.2 million common shares to Red Branch plus a 1% NSR on the property. The NSR can be purchased by the Company at any time for US\$1 million.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2016	February 29, 2016
Accounts payable	\$128,821	\$257,514
Accrued liabilities	24,500	29,500
	\$153,321	\$287,014

7. LOANS PAYABLE

As at February 28, 2015, the loans payable consisted of a \$61,455 loan, and a \$37,300 loan. Both were third party loan. The Company also accrued \$32,979 interest on the loans for an aggregate balance of \$131,734. All the loans are unsecured, due on demand and bear an annual interest rate of 12%.

During the year ended February 29, 2016, the Company received \$25,000 and issued a 10% convertible debt note expiring December 31, 2015. The convertible note is exercisable at the same price of any common share issued by the Company from the date the note was issued until the date the note is fully paid. As a result of the potential to issue a variable number of shares, a derivative liability was assessed. On issuance the derivative liability component was assessed at a value of \$7,200 using the black-scholes model with a risk free rate of 0.51%, term of 0.73 years, volatility of 169.34% an exercise price of \$0.24, a stock price of \$0.16 and a dividend rate of 0%. The residual value of \$17,800 was assigned to the debt component. As at February 29, 2016, the derivative component was valued at \$Nil and a gain of \$7,200 was recognized.

During the nine months ended November 30, 2016, repayment of \$93,000 was made against two of the outstanding loans.

Principal	Accrued interest expenses	Loan repayment	Loan balance at November 30, 2016
\$ 25,000	\$ 4,257	\$ -	\$ 29,257
61,455	37,055	(58,000)	40,510
37,300	18,276	(35,000)	20,576
\$ 123,755	\$ 59,588	\$ (93,000)	\$ 90,343

Principal	Additional principal	Accrued interest expenses	Loan balance at February 29, 2016
\$ -	\$ 25,000	\$ 2,230	\$ 27,230
61,455	-	\$ 33,207	94,662
37,300	-	\$ 16,054	53,354
\$ 98,755	\$ 25,000	\$ 51,491	\$ 175,246

8. SHARE CAPITAL

Authorized: unlimited common shares without par value

On January 27, 2016, the Company completed a share consolidation in which one (1) post-consolidated common share replaced four (4) pre-consolidated common shares. All information relating to basic and diluted loss per share, the weighted average number of common shares outstanding, the issued and outstanding common shares, common shares issued, share options, and warrants have been adjusted retroactively to reflect the impact of the share consolidation in these consolidated financial statements.

During the nine months ended November 30, 2016:

Private Placement on March 22, 2016

On March 22, 2016, the Company announced that it had received approval from the NEX Board of the TSX Venture Exchange for the closing of the first tranche of its non-brokered private placement, previously announced January 13, 2016.

Upon the closing of the first tranche, the Company has issued 9,240,000 units at a price of \$0.05 per unit for gross proceeds of \$462,000. Each unit consists of one common share and one common share purchase warrant (the "Unit Warrants") with each Unit Warrant entitling the holder to acquire one additional common share at a price of \$0.10 per share for 12 months from closing.

A finder's fee of \$10,000 cash plus 200,000 finders' warrants exercisable at \$0.05 per post-consolidated share for 12 months is payable to Haywood Securities Inc. and a finder's fee of \$750 cash plus 15,000 finder's warrants exercisable at \$0.10 per post-consolidated share for 12 months is payable to Canaccord Genuity Corp.

There is a statutory hold period on the shares, warrants and broker warrants issued pursuant to this private placement expiring July 17, 2016.

The Company intends to use the proceeds from the sale of the units for acquiring assets and for general working capital purposes.

Private Placement on May 7, 2016

On May 12, 2016, the Company received approval from the NEX Board of the TSX Venture Exchange for its non-brokered private placement, previously announced on April 7, 2016.

Upon the closing of the private placement, the Company issued 5,000,000 units at a price of \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.10 per share for 12 months from closing.

A finder's fee of \$10,000 cash plus 200,000 finders' warrants exercisable at \$0.05 per post-consolidated share for 12 months is payable to Haywood Securities Inc. and a finder's fee of \$500 cash plus 150,000 finder's warrants exercisable at \$0.10 per share for 12 months is payable to Canaccord Genuity Corp.

Shares issued for property acquisition on October 21, 2016

On October 21, the Company issued 5.2 million common shares to acquire Khorat Basin property (Note 5).

VATIC VENTURES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine month period ended November 30, 2016

8. SHARE CAPITAL (cont'd...)

Private Placement on October 21, 2016

On October 21, 2016, the Company received approval to close the first tranche of its financing for its non-brokered private placement previously announced September 27, 2016.

Upon the closing of the private placement, the Company issued 7,091,157 common shares and 7,091,157 common share purchase warrants, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 24 months, for aggregate proceeds to the Company of \$531,836.78. Shares and warrants issued from the financing will be subject to a 4-month statutory hold.

A finder's fees of \$502.50 cash plus 60,000 finder's warrants exercisable at \$0.15 per share for 24 months was paid to Leede Jones Gable and 6,700 finder's warrants having the same terms wa paid to Canaccord Genuity. Corp.

During the year ended February 29, 2016:

During the year ended February 29, 2016, the Company received \$128,250 of share subscriptions for shares issued subsequent to year end .

Share options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to directors, officers, and technical consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

For share options granted to employees, officers, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

A summary of share option transactions are as follows:

	Number of Options	Weighted Average Exercise Price ⁽¹⁾	Weighted Average Number of Years to Expiry
Balance, February 28, 2015	22,812	\$3.20	2.36
Balance, February 29, 2016	22,812	\$3.20	1.36
Balance, November 30, 2016	22,812	\$3.20	0.61

As at November 30, 2016, the following incentive share options are outstanding and exercisable:

Weighted average exercise price	Weighted average contractual life (years)	Number of Options outstanding	Number of Options exercisable	Expiry date
\$ 3.20	0.61	22,812	22,812	July 9, 2017

VATIC VENTURES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine month period ended November 30, 2016

8. SHARE CAPITAL (cont'd...)

Warrants

Changes to the balance of warrants outstanding are as follows:

	Warrants outstanding	Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2015	2,212,458	\$ 0.40	1.96
Balance, February 29, 2016	2,212,458	\$ 0.40	0.95
Expired	(1,238,333)		
Granted - private placement	21,331,150	0.12	
Granted - Finders warrants	631,700	0.12	
Balance, November 30, 2016	22,936,975	\$ 0.08	1.59

As at November 30, 2016, the following warrants are outstanding and exercisable:

Weighted Average Exercise Price	Weighted Average Life (Years)	Number of warrants outstanding and exercisable	Expiry date
0.40	0.39	104,167	January 21, 2017
0.24	0.39	6,250	January 21, 2017
0.40	0.50	183,333	February 28, 2017
0.24	0.50	10,000	February 28, 2017
0.40	1.03	587,875	September 11, 2017
0.40	1.03	75,000	September 12, 2017
0.40	1.03	7,500	September 12, 2017
0.10	0.56	9,239,992	March 22, 2017
0.10	0.56	215,000	March 22, 2017
0.10	0.70	350,000	May 12, 2017
0.10	0.70	5,000,000	May 12, 2017
0.15	2.14	7,091,157	October 20, 2018
0.15	2.14	66,700	October 20, 2018
\$ 0.08	1.59	22,936,975	

Share-based payments

There were no share-based payment transactions during the year ended February 29, 2016 and the nine months ended November 30, 2016.

VATIC VENTURES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars - unaudited)****For the nine month period ended November 30, 2016**

9. CAPITAL DISCLOSURE

The Company considers its capital structure to include the net residual equity of all assets, less liabilities. Capital is comprised of the Company's equity and any debt that it may issue. The Company's objectives when managing capital are to (i) maintain sufficient working capital to meet current financial obligations and continue as a going concern; (ii) maintain a capital structure to allow the Company to raise equity funding to finance its capital expenditures and acquisition activities; (iii) maintain creditworthiness and maximize returns for shareholders over the long term; (iv) maintain capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic circumstances. The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will be used to fund the Company's working capital and exploration activities. There were no changes to the way the Company manages its capital in the nine months ended November 30, 2016.

10. FINANCIAL INSTRUMENTS AND RISKS**Fair values**

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three levels of the fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair value measurement.

Assets	As at November 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 59,691	\$ -	\$ -	\$ 59,691
Total	\$ 59,691	\$ -	\$ -	\$ 59,691

Assets	As at February 29, 2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 28,848	\$ -	\$ -	\$ 28,848
Total	\$ 28,848	\$ -	\$ -	\$ 28,848

All other financial assets and liabilities approximate their fair value due to their short term nature of these instruments.

10. Financial Instrument Risks (cont'd...)

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables.

The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of GST/HST receivable due from federal government agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At November 30, 2016, the Company had cash of \$59,691 (February 29, 2016 -\$28,848), which is insufficient to settle current liabilities of \$354,588 (February 29, 2016 - \$649,465). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade *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.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

There are some expenses for the Company denominated in US dollars. The Company may become exposed to currency fluctuations on mineral exploration and evaluation expenditures which are denominated in US dollars. These potential currency risks could have a significant impact on the Company.

As at November 30, 2016, the Company was exposed to currency risk through the following monetary assets and liabilities in US dollars:

Accounts payable and accrued liabilities	\$	(151)
Foreign exchange rate at November 30, 2016 - USD		1.3426

Based on the net exposures at November 30, 2016, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would not have a significant impact on the Company's net earnings (loss).

VATIC VENTURES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars - unaudited)****For the nine month period ended November 30, 2016**

11. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to officers and directors of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. Accordingly, the fair value cannot readily be determined. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the periods ended November 30, 2015 and 2016, the Company paid or accrued management and consulting fees to its officers as follows:

	Nine Months ended	
	November 30, 2016	November 30, 2015
President and CEO	\$ 41,000	\$ -
CFO	3,000	-
Director	20,000	-
	\$ 64,000	\$ -

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended November 30, 2016, the Company incurred share issuance costs of \$45,780 due to warrants awarded to private placement agents.

There were no non-cash financing activities during the nine months ended November 30, 2015.

13. SEGMENTED INFORMATION

The Company's business is considered to be in one segment, being mineral property acquisition, exploration and development in Canada.

14. COMMITMENTS

The Company has a contract with the Company's secretary, CFO and CEO for management services. The CEO's monthly fee was \$8,000 for the period from January 2012; the CFO's monthly fee was \$3,000 for the period from August 2012 to December 2012, and increased to \$6,000 from January 2013, and decreased to \$4,000 from January 2014; and the secretary's monthly fee was \$1,500 for the period from March 10, 2013. The Company may at any time after the Initial Term (one year), terminate this Agreements by giving one month written notice.

15. SUBSEQUENT EVENTS

On January 7, 2017, the Company announced the completion of the transaction whereby the Company had acquired, pursuant to the terms of an assignment and share purchase agreement (the “Acquisition Agreement”), 80% of the issued shares (the Shares) of Saksrithai Developments Co. Ltd. (Saksrithai) from the former holders of the Shares (the “Former Shareholders”). (Note 5)

On January 7, 2017, the Company announced the appointment of Dr. Gerry Wright, P. Eng., as its new Chief Executive Officer.