



HINTERLAND METALS INC.

HINTERLAND METALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
Three months ended March 31, 2017

The attached condensed interim financial statements have been prepared by the management of Hinterland Metals Inc., and have not been reviewed by an auditor.

HINTERLAND METALS INC.
STATEMENT OF FINANCIAL POSITION
(Unaudited, in Canadian dollars)

	March 31, 2017	December 31, 2016
	\$	\$
ASSETS		
Current		
Cash	58,702	78,729
Listed shares	68,625	17,500
Sales tax receivable and other receivables	36,842	44,989
Mining taxes credits receivable	45,485	45,485
Prepaid expenses	3,691	5,536
	213,345	192,239
Non-current		
Exploration and evaluation assets (Note 5)	605,792	573,149
Total assets	819,137	765,388
LIABILITIES		
Current		
Accounts payable and accrued liabilities	125,673	96,338
Total liabilities	125,673	96,338
EQUITY		
Capital stock (Note 6)	5,469,130	5,469,130
Warrants	68,750	68,750
Contributed surplus	1,152,120	1,152,120
Deficit	(5,996,536)	(6,020,950)
Total equity	693,464	669,050
Total equity and liabilities	819,137	765,388

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

HINTERLAND METALS INC.
STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in Canadian dollars)

	Three months ended March 31,	
	2017	2016
	\$	\$
Expenses		
Management and consulting fees	9,900	9,900
Investor and shareholder relation expenses	8,362	10,554
Professional fees	1,708	35,146
Traveling	5,232	1,069
Office expenses	4,969	6,068
Exploration	1,228	1,238
Stock-based compensation	-	20,880
Gain on sale of exploration and evaluation assets	(25,813)	(68,750)
	5,586	16,105
Operating loss	(5,586)	(16,105)
Change in value of listed shares	30,000	(1,250)
Net income (loss) and comprehensive income (loss)	24,414	(17,355)
Basic and diluted net loss per share	-	-
Weighted-average number of common shares	42,269,617	32,924,614

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

HINTERLAND METALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Unaudited, in Canadian dollars)

	Number of common shares issued and fully paid	Capital stock \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at January 1, 2017	42,269,617	5,469,130	68,750	1,152,120	(6,020,950)	669,050
Net income and comprehensive income	-	-	-	-	24,414	24,414
Balance at March 31, 2017	42,269,617	5,469,130	68,750	1,152,120	(5,996,536)	693,464
Balance at January 1, 2016	32,924,614	5,146,141	20,800	1,118,336	(5,861,422)	423,855
Net loss and comprehensive loss	-	-	-	-	(17,355)	(17,355)
Stock-based compensation	-	-	-	20,880	-	20,880
Balance at March 31, 2016	32,924,614	5,146,141	20,800	1,139,216	(5,878,777)	427,380

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

HINTERLAND METALS INC.**STATEMENTS OF CASH FLOW**

(Unaudited, in Canadian dollars)

	Three months ended	
	March 31,	
	2017	2016
	\$	\$
Operating activities		
Net income (loss)	24,414	(17,355)
Items not involving cash		
Stock-based compensation	-	20,880
Change in value of listed shares	(30,000)	1,250
Gain on sale of exploration and evaluation assets	(25,813)	(68,750)
	(31,399)	(63,975)
Changes in operating assets and liabilities		
Sales tax receivable and other receivables	8,147	(4,852)
Prepaid expenses	1,845	1,240
Accounts payable and accrued liabilities	(15,351)	12,393
Cash flow from operating activities	(36,758)	(55,194)
Investing activities		
Disposal of listed shares	7,875	-
Acquisition of exploration and evaluation assets	8,856	(1,807)
Disposal of exploration and evaluation assets	-	50,000
Mining taxes credits cashed	-	1,433
Cash flow from investing activities	16,731	49,626
Net change in cash	(20,027)	(5,568)
Cash, beginning of period	78,729	43,931
Cash, end of period	58,702	38,363
Supplemental disclosure of cash flow information		
Exploration and evaluation assets included in accounts payable and accrued liabilities	49,453	2,960
Listed shares received as consideration for disposal of exploration and evaluation assets	29,000	18,750

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

HINTERLAND METALS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2017

(Unaudited, in Canadian dollars)

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

Hinterland Metals Inc. (the "Company"), incorporated under the Canada Business Corporations Act, is a junior mining exploration company operating in Canada. The address of registered office is 3081, Third Avenue, Whitehorse, Yukon, Y1A 4Z7. The principal place of business is 1740, chemin Sullivan, suite 1100, Val-d'Or, Québec, J9P 7H1. The Company's shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol HML.

2. GOING CONCERN ASSUMPTION

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at March 31, 2017, the Company has a deficit of \$5,996,536 (\$6,020,950 as at December 31, 2016). These material uncertainties cast a significant doubt regarding the Company's going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. BASIS OF PREPARATION

These condensed interim financial statements (the "Financial Statements") have been prepared in accordance with *International Financial reporting Standards* ("IFRS") issued by the *International Accounting Standards Board* ("IASB") and interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The Financial Statements should be read in conjunction with the annual financial statements as at December 31, 2016, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on May 30, 2017.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the Financial Statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in the most recent annual financial statements for the year ended December 31, 2016.

HINTERLAND METALS INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2017

(Unaudited, in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Mining rights	Exploration and evaluation expenses	Total
	\$	\$	\$
Quebec	144,005	426,615	570,620
Ontario	27,764	3,488	31,252
New Brunswick	3,420	500	3,920
Balance, March 31, 2017	175,189	430,603	605,792

	Mining rights	Exploration and evaluation expenses	Total
	\$	\$	\$
Quebec	140,018	429,211	569,229
New Brunswick	3,420	500	3,920
Balance, December 31, 2016	143,438	429,711	573,149

Details of exploration and evaluation assets for the three months ended March 31, 2017

Areas of interest	Quebec	Ontario	New Brunswick	Total
	\$	\$	\$	\$
Balance, January 1, 2017	569,229	-	3,920	573,149
Acquisitions of mining rights:				
Staking and maintenance fees	4,578	27,764	-	32,342
Exploration and evaluation expenses:				
Surface exploration	-	3,488	-	3,488
Disposal	(3,187)	-	-	(3,187)
Balance, March 31, 2017	570,620	31,252	3,920	605,792

Details of exploration and evaluation assets for the three months ended December 31, 2016

Areas of interest	Quebec	New Brunswick	Total
	\$	\$	\$
Balance, January 1, 2016	448,088	-	448,088
Acquisitions of mining rights:			
Staking and maintenance fees	40,820	3,420	44,240
Shares issued to vendors	15,000	-	15,000
	55,820	3,420	59,240
Exploration and evaluation expenses:			
Surface exploration	107,100	500	107,600
Taxes credits	(41,779)	-	(41,779)
	65,321	500	65,821
Net additions for the year	121,141	3,920	125,061
Balance, December 31, 2016	569,229	3,920	573,149

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2017

(Unaudited, in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

a) Chilton Cobalt property

On February 27, 2017, the Company sold a 100% interest in the Chilton Cobalt property to Green Swan Capital Corp. ("Green Swan") for 150,000 units. Each unit is composed of one share of Green Swan and one share purchase warrant exercisable at \$0.10 up to March 3, 2019. The 150,000 shares were valued at \$16,500 (based on the closing price on the day of the Exchange approval). The Company retains a 2% Net Smelter Returns royalty on the property. Green Swan may purchase one-half (i.e., 1.0%) of the royalty interest for \$1 million cash.

b) Gowganda Cobalt property

In March 2017, the Company staked the Gowganda property located in 85 km northwest of Cobalt, Ontario. On May 5, 2017, the Company signed an agreement to sell the Gowganda property to Green Swan for \$67,650 cash and 562,500 units valued at \$50,625 (based on the closing price on the day of the Exchange approval). Each unit is composed of one share of Green Swan and one share purchase warrant exercisable at \$0.10 up to November 12, 2018. The Company retains a 2% net smelter returns royalty on the property. Green Swan may purchase one-half of the royalty interest for \$1 million cash.

c) Tak property

On January 11, 2017, the Company sold to Eureka Resources Inc. ("Eureka") its 25% interest in the Tak property located in Yukon for 125,000 shares of Eureka valued at \$12,500.

6. CAPITAL STOCK

6.1 Warrants

Warrants outstanding:

Number of shares to be issued	Exercise price \$	Expiry date
900,000	0.10	May 27, 2018 ⁽¹⁾
590,000	0.10	June 13, 2018 ⁽¹⁾
7,750,000	0.10	August 17, 2018
920,000	0.10	September 7, 2018
10,160,000		

(1) On May 17, 2016, the Exchange approved a 2 year extension on the warrants that were due to expire on May 27, 2016 and June 13, 2016.

6.2 Broker warrants

Broker warrants outstanding:

Number of shares to be issued	Exercise price \$	Expiry date
343,000	0.05	August 17, 2018
343,000		

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6. CAPITAL STOCK (CONT'D)

6.3 Stock options

Stock options outstanding and exercisable:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
2,000,000	0.05	March 31, 2021
2,000,000		
