



CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2016 and 2015

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements, in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

Tri Origin Exploration Ltd.

Statements of Financial Position

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	As at December 31 2016 \$	As at June 30 2016 \$
Assets		
Current assets		
Cash	143,961	500,801
Accounts receivable (note 5)	31,430	-
Prepaid	2,750	4,413
Investment in Heron Resources Ltd. (note 6)	458,226	801,122
Total Current Assets	636,367	1,306,336
Exploration and evaluation assets (note 7)	5,340,024	4,845,444
Equipment (note 8)	3,042	3,401
Total Assets	5,979,433	6,155,181
Equity and Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	92,459	182,749
Funds on deposit	34,177	115,890
Flow-through share premium (note 18)	-	24,000
Promissory note payable (note 11)	300,000	293,334
Secured debenture (note 10)	-	400,000
Total Current Liabilities	426,636	1,015,973
Capital and Reserves		
Share capital (note 12)	21,479,092	20,981,380
Warrants (note 13)	185,950	99,900
Equity portion of convertible debenture (note 11)	17,393	17,393
Contributed Surplus	1,831,765	1,838,135
Deficit	(17,961,403)	(17,797,600)
Total Capital and Reserves	5,552,797	5,139,208
Total Liabilities, Capital and Reserves	5,979,433	6,155,181

Nature of Operations and Going Concern (note 1)

The accompanying notes are an integral part of these financial statements.
On behalf of the Board

Signed "Robert Valliant"
Dr. Robert Valliant, President and Director

Signed "Jean-Pierre Janson"
Mr. Jean-Pierre Janson, Director

Tri Origin Exploration Ltd.

Statements of Loss and Comprehensive Loss

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended December 31		Six months ended December 31	
	2016 \$	2015 \$	2016 \$	2015 \$
General and administrative expenses				
Salaries and benefits	12,934	21,078	47,908	47,197
Share based payments	-	-	2,038	-
Professional fees	9,350	24,936	17,000	30,936
Share control and listing fees	12,091	16,617	15,723	17,623
General office expense	32,219	42,029	43,760	66,593
Amortization	429	1,208	858	2,996
Recovery of general and administrative expenses	(39,480)	(39,849)	(50,262)	(60,814)
Total general and administrative expense	27,543	66,019	77,025	104,531
Finance charges				
Interest on secured debentures (note 10)	18,733	9,350	48,685	17,262
Interest from Promissory Note (Note 17(c) and 11)	6,050	10,610	12,100	14,585
Accretion charges Promissory Note	1,667	-	6,666	-
Other interest charges	762	484	1,739	897
Total finance charges	27,212	20,444	69,190	32,744
Loss before other items	(54,755)	(86,463)	(146,215)	(137,275)
Other Items				
Unrealized gain (loss) on investments (note 6)	(83,222)	7,555	(104,142)	(38,323)
Realized gain (loss) on investments (note 6)	223	16,805	30,354	16,805
Realized flow-through share premium (note 19)	21,400	-	45,400	-
Total other items	(61,599)	24,360	(28,388)	(21,518)
Net loss for the period	(116,354)	(62,103)	(174,603)	(158,793)
Basic and diluted loss per share	0.00	0.00	0.00	(0.00)
Weighted average number of common shares outstanding (note 12)	97,628,306	82,952,306	94,140,306	82,952,306

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

Tri Origin Exploration Ltd.

Statements of Changes in Shareholders' Equity

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Share Capital	Warrant Reserve	Equity Portion of convertible Debenture	Contributed Surplus Reserve	Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
Balance, June 30, 2015	20,941,200	5,700	5,620	1,845,185	(18,059,523)	4,738,182
Shares to be cancelled under normal course issuer bid	(231,695)	-	-	-	215,220	(16,475)
Expired options	-	-	-	(10,800)	10,800	-
Termination of debenture	-	-	(5,620)	-	5,620	-
Net loss for the period	-	-	-	-	(158,793)	(158,793)
Balance, December 31, 2015	20,709,505	5,700	-	1,834,385	(17,986,676)	4,562,914
Shares issued pursuant to private placement	309,100	99,900	-	-	-	409,000
Flow-through Share premium	(24,000)	-	-	-	-	(24,000)
Expired options	-	-	-	(6,000)	6,000	-
Expired warrants	-	(5,700)	-	-	5,700	-
Stock based compensation	-	-	-	9,750	-	9,750
Fair value of debenture	-	-	17,393	-	-	17,393
Share issue costs	(13,225)	-	-	-	-	(13,225)
Net income for the period	-	-	-	-	177,376	177,376
Balance, June 30, 2016	20,981,380	99,900	17,393	1,838,135	(17,797,600)	5,139,208
Shares issued pursuant to private placement	545,750	86,050	-	-	-	631,800
Flow-through Share premium	(21,400)	-	-	-	-	(21,400)
Expired options	-	-	-	(10,800)	10,800	-
Share issue costs	(26,638)	-	-	-	-	(26,638)
Share based payments	-	-	-	4,430	-	4,430
Net loss for the period	-	-	-	-	(174,603)	(174,603)
Balance, December 31, 2016	21,479,092	185,950	17,393	1,831,765	(17,961,403)	5,552,797

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

Tri Origin Exploration Ltd.

Statements of Cash Flows

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Six months ended	
	December 31	
	2016	2015
	\$	\$
Cash flow from operating activities		
Net income (loss) from operation	(174,603)	(158,793)
Items not involving cash		
Amortization	858	2,996
Accretion	6,666	-
Share based payments	2,038	-
Realized flow-through share premium	(45,400)	-
Net Change in (gain) loss in investments	73,786	38,323
	(136,655)	(117,474)
Changes in non-cash working capital		
Accounts receivable	(31,430)	14,895
Prepaid	1,663	1,326
Accounts payable and accrued liabilities	(90,290)	7,167
Deposit for exploration funding	(81,713)	6,110
	(338,425)	(87,976)
Cash flow from financing activities		
Cash used to purchase shares in normal course issuer bid	-	(16,475)
Proceeds from private placement, net	605,162	-
Proceeds from issue of promissory note	-	100,000
Repayment of secured debenture	(400,000)	(100,000)
	205,162	(16,475)
Cash flow from investing activities		
Expenditures on exploration and evaluation assets	(492,188)	(57,709)
Expenditures on equipment	(498)	(2,750)
Proceeds from investments	269,109	128,350
	(223,577)	67,891
Increase (decrease) in cash and cash equivalents	(356,840)	(36,560)
Cash, beginning of period	500,801	317,503
Cash, end of period	143,961	280,943

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

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

1. Nature of Operations and Going Concern

Tri Origin Exploration Ltd. (the "Company" or "TOE") was incorporated on June 6, 1989 under the Business Corporations Act (Ontario). The Company is a publicly held company engaged principally in the acquisition and exploration of mineral properties in the Canadian Shield, Canada.

The accompanying condensed interim financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company has a net loss of \$174,603 for the six months ended December 31, 2016 (2015 – loss of \$158,793) and a deficit of \$17,961,403 as at December 31, 2016 (June 30, 2016 - \$17,797,600). The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable business. These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully complete the projects and continue as a going concern. There is no assurance that these initiatives will be successful and as a result there is significant doubt regarding application of the going concern assumption.

On December 31, 2016, the Company had a working capital of \$209,731 (June 30, 2016 – \$290,363) and is not generating positive cash flows from operations. Working Capital includes the Company's investment of \$458,226 that consists of marketable securities in shares of the Company's former subsidiary and any or all of the shares could be sold to generate cash to fund ongoing operations. Apart from this investment, there may not be sufficient cash to meet general and administration expenses plus planned project activities for the following twelve months. The operations of the Company have primarily been funded by the issuance of common shares and debt instruments. Continued operations of the Company are dependent on the Company's ability to complete equity financing and enter into funding agreements with third parties in order to continue exploration of its mineral property interests. Management's plan in this regard is to continue to seek industry partners for its projects and to secure additional funds through future equity financings, which may or may not be available or may not be available on reasonable terms.

2. Basis of Presentation and Statement of Compliance

Statement of Compliance

These condensed interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2016.

The Board of Directors of the Company authorized these financial statements for issuance on February 23, 2017.

Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments as disclosed in Note 5. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

3. Significant Accounting Policies

The accounting policies as reported in Notes 2 and 3 of the audited financial statements for the year ended June 30, 2016, have been applied consistently in preparing these condensed interim financial statements.

Significant accounting judgments and estimates

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

4. Future Changes in Accounting Policies

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. The Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for condensed interim periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for condensed interim periods beginning on or after January 1, 2017. Earlier adoption is permitted.

Other accounting standards or amendment to existing accounting standards that have been issued, but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

5. Financial Instruments

The Company's cash is measured at fair market value. Accounts receivable are measured at amortized cost. The investments of the Company are classified as financial assets at FVTPL and measured at fair value. Accounts payable and the credit facility are classified as other financial liabilities and measured at amortized cost.

The following table indicates the carrying value of the Company's financial assets and financial liabilities.

Item	As at December 31, 2016		As at June 30, 2016	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Cash		143,961		500,801
Accounts receivable	31,430		-	
Investments		458,226		801,122
Accounts payable	92,459		182,749	
Deposit for exploration funding	34,177		115,890	

Accounts Receivable is comprised primarily of HST recoverable of \$31,430 (June 30, 2016 - \$nil).

6. Investment in Heron Resources Ltd.

The investments consist of the following:

	As at December 31 2016 \$	As at June 30 2016 \$
Investment in Heron Resources Ltd.	458,226	801,122
Total Investments	458,226	801,122

Investment in Heron Resources Ltd.

At December 31, 2016, the Company owned 4,165,689 (June 30, 2016 – 5,934,240) common shares in Heron Resources Limited. The common shares trade on both the Australian Securities Exchange and the Toronto Stock Exchange.

For marketable securities traded in an active market, market value is based on quoted closing prices of the securities at the balance sheet date. The shares of Heron are valued based on the closing market prices on the Toronto Stock Exchange ("TSX"), which was \$0.11 as of the close of December 31, 2016.

The investment is reflected as current asset as a result of using a portion of the investment as collateral for a secured loan payable (see note 10).

During the six months ended December 31, 2016 the Company sold 1,768,551 for gross proceeds of \$269,109 and realized a net gain from these dispositions of \$30,354. During the six months ended December 31, 2015 the Company sold 1,510,000 shares for gross proceeds of \$145,155 and realized a net gain from the disposition of \$16,805. The Company recorded an unrealized loss of \$104,142 (2015 – \$38,323) on the remaining Heron shares held throughout this six month period ended December 31, 2016.

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

7. Exploration and Evaluation Assets

South Abitibi Project (Sumac Alliance)

During the latter part of fiscal 2015, a gold and base metal alliance agreement was entered into between Tri Origin and Sumac Mines Ltd (a subsidiary of Sumitomo Metal Mining Co, Ltd.) Tri Origin, as operator of the Alliance, will acquire and explore properties in the southern part of the Abitibi greenstone belt of Ontario. The properties will be held as to a 50% Tri Origin and 50% Sumac interest. Sumac will provide funding for property acquisition and exploration up to a maximum of \$4.5 million and as the project advances, individual property specific joint ventures may be entered into to advance successful projects.

Expenditures by TOE during the six months ended December 31, 2016 totalled \$10,000 which included the acquisition of staked mining claims through a third party option agreement. This does not include exploration funds provided by Sumac which totalled \$1,486,522 from the inception of the Alliance in late May, 2015 to December 31, 2016. As of December 31, 2016 the Company has on deposit \$34,177 of exploration funds received from Sumac after expenditures.

Detour West Project

Detour West is a gold exploration project located 180 kilometres north of Timmins, Ontario and 20 kilometres west of the Detour Lake Gold Mine. The Detour West property consists of 30 staked mining claims comprising 480 claim units covering an area of approximately 77 square kilometres owned 100% by Tri Origin. The claims tie directly onto mining claims held by Detour Gold Corporation the operator of the nearby Detour Lake Mine.

Expenditures at Detour West during the six months ended December 31, 2016 totalled \$255,312 (for the year ended June 30, 2015 - \$23,058). Total spending from inception to December 31, 2016 by the Company was \$341,070.

Red Lake Extension Project (RLX)

RLX is a gold exploration project located 15 kilometres southeast of the town of Red Lake in northwestern Ontario. The Company has a 100% ownership in 62 adjoining mining claims consisting of 859 claim units totalling an area of 141 square kilometres in the Red Lake Greenstone Belt. Expenditures at RLX during the six months ended December 31, 2016 totalled \$2,118 (for the year ended June 30, 2016 - \$22,579). Total spending from inception to December 31, 2016 by the Company was \$3,046,250.

Sky Lake Project

Sky Lake is a gold exploration project covering an area of 41.4 square kilometres located 35 kilometres southwest of Pickle Lake in north western Ontario. It is comprised of 11 100% owned mining claims totalling 169 claim units covering an area of 27 square kilometers. A further 8 contiguous mining claims covering an area of approximately 14 square kilometres are owned as to an initial 80% interest which was acquired through meeting the terms of an earn-in option during the 2015 fiscal year. These 8 claims are now subject to a joint venture with future funding of programs subject to Tri Origin's pro-rata equity interest in the claims. During the period ended December 31, 2016 Tri Origin's interest increased to 86.1%. During the period ended December 31, 2016, Tri Origin entered into an option agreement with Barrick Gold to acquire a 96% interest in patent mining claims covering an area of 2 square kilometres located within the boundary of its Sky Lake property. To exercise the option, the Company is required to spend \$500,000 on exploration on the patent claims over a 4 year period.

During the six months ended December 31, 2016, the Company spent \$31,041 to conduct exploration on the property (for the year ended June 30, 2016 - \$46,200). Total spending from inception to December 31, 2016 was \$1,419,931

North Abitibi Project

North Abitibi is a gold exploration project located 150 kilometres north of Kirkland Lake, Ontario, in the Abitibi Greenstone Belt. The property consists of 16 claims covering an area of 28.5 square kilometres. Late in the 2010 fiscal year, Vista Gold Corp. ("Vista") transferred 100% of its interest in the North Abitibi mineral claims to Tri Origin which claims are subject to a back-in right held by Vista and to the return of claims to Vista if an expenditure commitment of \$1,000,000 is not met by Tri Origin by 2015. Upon completion of the \$1,000,000 expenditure and after the Company has spent \$2,000,000, Vista Gold has the option to earn back a majority interest in the property.

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

During the final quarter of fiscal 2014, Tri Origin was able to negotiate an extension to the term of the Vista agreement from January 2015 to July 2017. As part of the extension, Vista was issued 1,000,000 warrants for the purchase of common shares of Tri Origin. The Vista warrants expired unexercised prior to the June 30, 2016 yearend.

During the six months ended December 31, 2016, the Company spent \$188,409 on exploration expenditures on the property (for the year ended June 30, 2016 – \$50,974). Total spending from inception to December 31, 2016 was \$513,491.

Project Generation

The Company continues to assess new areas for exploration. It is an objective of the Company to increase its portfolio of properties during the coming year. During the six months ended December 31, 2016, the Company spent \$7,700 on project generation activities including review and assessment of reports and preliminary analytical work (for the year ended June 30, 2016 - \$26,461 all of which was expensed at year end).

Exploration and Evaluation Assets

The exploration and evaluation assets include costs related to the acquisition of the property including legal costs, claim staking costs and costs of options and other agreements to acquire property and are as follows:

	Red Lake Extension	North Abitibi	Sky Lake	Detour West	South Abitibi	Project Generation	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, June 30, 2015	3,021,553	274,108	1,342,690	62,700	-	-	4,701,051
Acquisition costs	3,633	1,435	4,117	451	-	-	9,636
Drilling and analytical	-	4,326	-	-	-	-	4,326
Geological, geophysical and Geochemical	9,243	29,414	15,082	2,755	-	-	56,494
Management and administration	9,703	15,799	27,001	19,852	1,582	26,461	100,398
Sub-total	3,044,132	325,082	1,388,890	85,758	1,582	26,461	4,871,905
Amounts expensed in year	-	-	-	-	-	(26,461)	(26,461)
Balance, June 30, 2016	3,044,132	325,082	1,388,890	85,758	1,582	-	4,845,444
Acquisition costs	456	318	6,542	-	10,000	-	17,316
Drilling and analytical	-	791	7,239	-	-	-	8,030
Geological, geophysical and Geochemical	28	161,362	7,445	234,183	-	-	403,018
Management and administration	1,634	25,938	9,815	21,129	-	7,700	66,216
Sub-total	3,046,250	513,491	1,419,931	341,070	11,582	7,700	5,340,024
Amounts expensed in period	-	-	-	-	-	-	-
Balance, December 31, 2016	3,046,250	513,491	1,419,931	341,070	11,582	7,700	5,340,024

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

8. Equipment

Equipment consists of the following:

Cost	Office Equipment \$	Leasehold Improvements \$	Computer Software \$	Field Equipment \$	Total \$
Balance, June 30, 2015	95,271	3,701	9,010	27,625	135,607
Additions	-	-	-	2,750	2,750
Balance, June 30, 2016	95,271	3,701	9,010	30,375	138,357
Additions	498	-	-	-	498
Balance, December 31, 2016	95,769	3,701	9,010	30,375	138,855

Accumulated Depreciation	Office Equipment \$	Leasehold Improvements \$	Computer Software \$	Field Equipment \$	Total \$
Balance, June 30, 2015	91,835	2,158	9,010	27,045	130,048
Additions	3,436	617	-	855	4,908
Balance, June 30, 2016	95,271	2,775	9,010	27,900	134,956
Additions	-	308	-	550	858
Balance, December 31, 2016	95,271	3,083	9,010	28,450	135,814

Net Book Value	Office Equipment \$	Leasehold Improvements \$	Computer Software \$	Field Equipment \$	Total \$
June 30, 2016	-	926	-	2,475	3,401
December 31, 2016	498	618	-	1,925	3,041

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As at December 31 2016 \$	As at June 30 2016 \$
Trade payables	50,186	50,285
Accruals	35,555	121,137
Government remittances owing	6,718	11,327
Total	92,459	182,749

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2016 and 2015

10. Secured Debenture

On September 9, 2014, the Company closed a \$400,000 private placement whereby the Company issued a \$400,000 secured debenture. The secured debenture was entered into between Tri Origin and an arms-length third party investor.

The debenture initially matured on February 28, 2015, and was extended to December 31, 2015 and bears interest at a rate of 8.0 per cent per annum, payable at maturity or on conversion. On December 16, 2015, this debenture was replaced with a new debenture in the amount of \$400,000 with the same arm's-length investor. The new debenture matures on December 31, 2016 and bears interest at a rate of 8.0 per cent per annum, payable at maturity. The fair value of the debenture approximates its carrying value due to its current nature.

The debenture was initially secured by 5,000,000 Heron shares, which the Company holds as an investment (see note 6) and are to be held in escrow until released in accordance with the terms of debenture. A bonus payment based on the difference in share price of Heron shares from the time of securing the debenture and the share price at the time of repayment is due to the investor at the time of repayment. Prior to December 31, 2016, Heron announced a possible spin-out of certain assets of Heron. The cash value related to a portion of the spin out shares is payable to the Secured Debenture Holder if the spin out occurs. As at December 31, 2016, it is unknown when the spin-out will occur or if the spin-out will be completed in the future. As a result no value has been placed upon the spinout shares.

As of December 31, 2016, the Company has repaid the \$400,000 secured debenture including accrued interest and bonus payment. The payment based on a portion of spin-out shares remains outstanding. Upon payment of the spin-out share value, the remaining Heron shares will be released from escrow.

11. Convertible Debenture and Promissory Note

Convertible Debenture – Matured November 30, 2014

On December 15, 2013, the Company closed a \$100,000 private placement whereby the Company issued a \$100,000 convertible debenture which bears interest at a fixed rate of 8% per year payable monthly starting January 1, 2014. The debenture initially matured on November 30, 2014. Under the initial terms of the debenture, the holder has the option to convert the debenture in full into common shares of Tri Origin at a price of \$0.05 per share. The conversion option expired on November 30, 2014. The convertible debenture was entered into between Tri Origin and a private corporation controlled by the Company's president. The maturity date of the Debenture was extended to October 31, 2015, and has now been replaced by the \$300,000 promissory note noted below –“ Promissory Note – Matures October 31, 2016”.

Promissory Note – Matured April 30, 2015

On May 1, 2014, the Company closed a \$100,000 private placement whereby the Company issued a \$100,000 promissory note. In February 2015 the promissory note was increased to \$200,000.

The promissory note initially matured on April 30, 2015 and bears interest at a fixed rate of 8% per year payable monthly starting May 1, 2014. The promissory note was entered into between Tri Origin and a private corporation controlled by the Company's president. The maturity date of the promissory note was initially extended to October 31, 2015, and has now been replaced by the \$300,000 promissory note noted below –“ Promissory Note – Matures October 31, 2016”.

The fair value of the promissory note approximates its carrying value due to its current nature.

Promissory Note – Matures October 31, 2016

On November 1, 2015, the Company closed a \$300,000 private placement whereby the Company issued a \$300,000 promissory note. The promissory note initially maturing on October 31, 2016, has been extended to June 30, 2017, and bears interest at a fixed rate of 8% per year payable monthly commencing November 30, 2015. Under the terms of the promissory note, the holder has the option to convert the note in full into common shares of Tri Origin at a price of \$0.05 per share. The promissory note was entered into between Tri Origin and a private corporation controlled by the Company's president.

The Company used the residual value method to allocate the proceeds between the liability and equity components. Under this method, the fair value of the liability component of \$282,607 was computed as the present value of future principal and interest payments discounted at a rate of 15% per annum. The residual value of \$17,393 was attributed to the liability

Tri Origin Exploration Ltd.

Notes to the Condensed Interim Financial Statements

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components and no value was placed on the conversion feature of the debenture. The residual value was credited to contributed surplus.

	As at December 31, 2016 \$	As at June 30, 2016 \$
Face value of debentures	300,000	300,000
Discount on face value of debentures	(17,393)	(17,393)
Accumulated accretion	17,393	10,727
	300,000	293,334

12. Share capital

Authorized:

Unlimited common shares without par value

Issued and outstanding:

	Number of shares	Amount
Balance, June 30, 2015	83,876,306	\$20,941,200
Normal course issuer bid	(924,000)	(231,695)
Private placements (i)	5,300,000	185,500
Private placements (ii)	2,400,000	123,600
Flow-through share premium (note 19)	-	(24,000)
Share issue costs	-	(13,225)
Balance, June 30 2016	90,652,306	\$20,981,380
Private placements (iii)	8,720,000	545,750
Flow-through share premium (note 19)	-	(21,400)
Share issue costs	-	(26,638)
Balance, December 31, 2016	99,372,306	\$21,479,092

Regulatory approval for a Normal Course Issuer Bid ("NCIB") was received by the Company on December 10, 2014. The NCIB allows the Company to repurchase for cancellation up to 7,768,179 of its outstanding common shares through the facilities of the TSX-V during the period December 15, 2014 to December 14, 2015. For the year ended June 30, 2016 the Company repurchased 924,000 shares at an average cost of \$0.018 per share for a total gross value of \$16,475. A total of \$16,475 was used to repurchase the shares. To account for the cancellation of these shares \$231,695 was attributed to the reduction in capital and an adjustment of \$215,220 was made to retained earnings.

- i. On April 7, 2016, the Company completed of a private placement for total gross proceeds of \$265,000 and issued 5,300,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.07 for a period of 18 months from the date of issuance. The fair value of common share purchase warrants issued in this placement was estimated at \$79,500.
- ii. On May 18, 2016, the Company completed of a private placement for total gross proceeds of \$144,000 and issued 2,400,000 flow-through units at a price of \$0.06 per unit. Each unit consisted of one common share, issued on a flow-through basis, and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 for a period of 18 months from the date of issuance. The fair value of common share purchase warrants issued in this placement was estimated at \$20,400.

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A flow-through share premium of \$24,000 was initially recognized on this financing. As of December 31, 2016 100 per cent of the funds were spent on flow-through eligible expenses. As a result the flow-through premium was recognized into income.

- iii. On October 20, 2016, the Company completed a private placement for total gross proceeds of \$631,800 and issued 7,650,000 hard dollar units (“HDU”) at a price of \$0.07 per HDU and 1,070,000 flow through units (“FTU”) at a price of \$0.09 per FTU. Each FTU consisted of one common share, issued on a flow-through basis, and one-half of a common share purchase warrant. Each HDU consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.12 for a period of 18 months from the date of issuance. The fair value of common share purchase warrants issued in this placement was estimated at \$86,050.

A flow-through share premium of \$21,400 was recognized on this financing. As of December 31, 2016, 100 per cent of the funds were spent on flow-through eligible expenses. As a result, the flow-through premium was recognized into income.

13. Warrants

The movements in the number and estimated fair value of outstanding broker warrants and share purchase warrants are as follows:

	For the period ended December 31, 2016		Year ended June 30, 2016	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of the period	6,500,000	0.08	1,000,000	0.05
Issued	4,360,000	0.12	6,500,000	0.08
Expired	-	-	(1,000,000)	0.05
Balance, end of period	10,860,000	0.09	6,500,000	0.08

Warrants to purchase common shares outstanding at December 31, 2016 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Exercise Price \$	Warrants Outstanding	Fair Value of Warrant	Remaining Term to Maturity (years)
September 6, 2017	0.07	5,300,000	79,500	0.68
November 17, 2017	0.10	1,200,000	20,400	0.88
April 20, 2018	0.12	4,360,000	86,050	1.30
		10,860,000	185,950	0.95

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14. Stock Options

The Company has a stock option plan available to directors, officers, employees and consultants of the Company. Currently, a maximum of 13,084,661 common shares may be issued under the Plan. The movements in the number of stock options are as follows

	For the period ended December 31, 2016		For the year ended June 30, 2016	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of the period	5,550,000	\$0.06	5,400,000	\$0.06
Granted	-	-	550,000	0.05
Expired	(300,000)	0.11	(400,000)	0.11
Cancelled	-	-	-	-
Balance, end of period	5,250,000	\$0.05	5,550,000	\$0.06

Options to purchase common shares outstanding at December 31, 2016 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Exercise Price \$	Options Outstanding	Options Exercisable	Remaining Term to Maturity (years)
November 6, 2017	0.10	200,000	200,000	0.85
January 15, 2018	0.10	300,000	300,000	1.05
February 19, 2019	0.05	1,500,000	1,500,000	2.14
December 15, 2019	0.05	500,000	500,000	2.96
June 25, 2020	0.05	2,200,000	2,200,000	3.46
June 2, 2021	0.05	550,000	366,666	4.42
		5,250,000	5,066,666	2.90

During the period ended December 31, 2016 the Company did not grant any new options to employees, directors and consultants (year ended June 30, 2016 – 550,000). The Company recognized a total expense of \$2,038 for period ended December 31, 2016 (year ended June 30, 2016 - \$4,350) and capitalized \$2,392 (year ended June 30, 2016 - \$5,400) to Exploration and Evaluation assets in respect of the options vesting during the period.

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15. Financial Risk Factors

The Company's market risk exposures and the impact on the Company's financial instruments are described in the notes to the audited June 30, 2016 yearend financial statements. Liquidity risk is summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at December 31, 2016, the Company had cash of \$143,961 (June 30, 2016- \$500,801) to settle current liabilities of \$426,636 (June 30, 2016 - \$1,015,973). In addition, the Company owns marketable securities comprised of the shares of Heron Resources Ltd., which have a market value of \$458,226 as at December 31, 2016 (June 30, 2016 - \$801,122). All of the Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

16. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers its capital to be cash, investments, credit facilities and equity, comprising share capital, warrants, contributed surplus and deficit. The equity of the Company at December 31, 2016 totaled \$5,552,797 (June 30, 2016 - \$5,139,208). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Corporation's capital management objectives, policies and processes have remained unchanged during the six months ended December 31, 2016.

17. Related Party Transactions

The Company had the following related party transactions for the six months ended December 31, 2016. These transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

- a) The Company's office is located at 125 Don Hillock Drive, Unit 18 in Aurora, Ontario and rents the property on a month-to-month basis. This rental property is owned by a private Ontario corporation controlled by Tri Origin Exploration Ltd.'s President. During the period ended December 31, 2016 the Company paid or accrued \$29,412 (2016 - \$26,718) for this rental. Prepaid assets include \$2,750 (2015 - \$2,750) related to rent paid in advance.
- b) Remuneration of Directors and key management personnel of the Company were as follows:

	Six months ended December 31	
	2016	2015
	\$	\$
Salaries and benefits	94,800	112,300
Stock based compensation	2,038	-
Total	96,838	112,300

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Key management personnel include the President and Chief Financial Officer and companies controlled by the Chief Executive Officers. Accrued salaries and fees payable as of December 31, 2016 are \$5,038 (2015-\$66,200).

- c) On November 1, 2015, the Company closed a \$300,000 private placement whereby the Company issued a \$300,000 promissory note. The promissory note matures on October 31, 2016 and bears interest at a fixed rate of 8% per year payable monthly commencing November 30, 2015. Under the terms of the promissory note, the holder has the option to convert the debenture in full into common shares of Tri Origin at a price of \$0.05 per share. The promissory note was entered into between Tri Origin and a private corporation controlled by the Company's president. See Note 11 for further information.

18. Flow-Through Share Premium

Flow-through liabilities include the deferred premium portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issues.

	Amount
Balance, June 30, 2015	\$nil
Liability incurred on flow-through shares issued May 18, 2016	24,000
Balance, June 30, 2016	\$24,000
Settlement of liability through renouncement	(24,000)
Liability incurred on flow-through shares issued October 20, 2016	21,400
Settlement of liability through renouncement	(21,400)
Balance, December 31, 2016	\$nil

Pursuant to the terms of the flow-through share agreements, the Corporation has complied with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2016, the Corporation has incurred eligible flow-through exploration expenditures in the amount that is greater than \$240,300 from the two flow-through financings and as a result has reduce the liability to \$nil.

18. Subsequent Event

Government Funding

Application for exploration expenditure reimbursement under the JEAP program was made for approximately \$151,000. This has not been reflected in the financial statements as it is subject to review and approval of the final application.

Heron Resources Ltd.

Subsequent to December 31, 2016, Heron Resources Ltd. completed a spinout of certain assets into a subsidiary named Ardea Resources Limited. The value of this transaction is not reflected in the results of operation for the six months ended December 31, 2016 since it occurred after this period end date.

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CORPORATE INFORMATION



Tri Origin Exploration Ltd.
125 Don Hillock Dr, Unit 18
Aurora, ON.
L4G 0H8
CANADA

Tel: (905) 727-1779

Fax: (905) 727- 8779

Stock Exchange: TSX-V

Trading Symbol : TOE

Email: explore@triorigin.com

www.triorigin.com

DIRECTORS & OFFICERS

Robert I. Valliant, President & Director
Uxbridge, Ontario

Jean-Pierre Janson, Director
Outremont, Québec

Alan Galley, Director
Ottawa, Ontario

Louis Nagy, Chief Financial Officer
Toronto, Ontario

REGISTRAR & TRANSFER AGENT

TMX Equity Transfer Services Inc.
200 University Ave. Suite 300
Toronto, ON. M5H 4H1

AUDITORS

Stern & Lovrics LLP Chartered Accountants
1210 Sheppard Ave. E, Suite 302
Toronto, ON., M2K 1E3