Consolidated Tanager Limited

Condensed Interim Financial Statements

For the six months ended December 31, 2016

(Unaudited)
(Expressed in Canadian $)

Consolidated Tanager Limited

December 31, 2016
(Unaudited) *REVISED*

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the condensed interim consolidated 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 interim consolidated financial statements of the Consolidated Tanager Limited (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 financial statements.

(signed)" C.A. Burns"

C.A. Burns
President and Chief Executive Officer

(signed)" C.F. Watson"

C. F. Watson
Secretary-Treasurer

Dated: February 24, 2017
Toronto, Canada

Consolidated Tanager Limited

Condensed Interim Statements of Financial Position
(expressed in Canadian $)
(unaudited)

			As at Dec 31, 2016	As at June 30, 2016
Assets				
	Current assets			
	Cash		2,992,798	3,312,890
	Short-term investments		950,000	1,000,000
	Accounts receivable		53,926	57,103
	Marketable securities		220,000	209,000
	Prepaid expenses		8,403	10,204
			4,225,127	4,589,197
	Mining properties	*(note 3)*	2	2
			4,225,129	4,589,199
Liabilities				
	Current liabilities			
	Accounts payable and accrued liabilities		34,952	26,761
	Income taxes payable		-	-
			34,952	26,761
Equity				
	Share capital	*(note 5)*	507,501	507,501
	Contributed surplus		339,878	339,878
	Accumulated other comprehensive loss		78,326	67,326
	Retained earnings		3,264,472	3,647,733
			4,190,177	4,562,438
			4,225,129	4,589,199

The notes to the unaudited condensed interim financial statements are an integral part of these statements

Consolidated Tanager Limited

Condensed Interim Statement of Changes in Equity
(expressed in Canadian $)
(unaudited)

	Reserves				
	Share Capital	Contributed Suplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance, July 1, 2015	507,501	339,878	(53,674)	4,085,058	4,878,763
Net income (loss) for the period				(109,718)	(109,718)
Dividends paid				(268,618)	(268,618)
Balance, December 31, 2015	507,501	339,878	(53,674)	3,706,722	4,500,427
Unrealized gain on marketable securities			121,000		121,000
Net income (loss) for the period				(58,989)	(58,989)
Balance, June 30, 2016	507,501	339,878	67,326	3,647,733	4,562,438
Net income (loss) for the period			11,000	(114,643)	(103,643)
Dividends paid				(268,618)	(268,618)
Balance, December 31, 2016	507,501	339,878	78,326	3,264,472	4,190,177

The notes to the unaudited condensed interim financial statements are an integral part of these statements

Consolidated Tanager Limited
For the three month periods ended December 31
Condensed Interim Statements of Comprehensive Loss
(expressed in Canadian $)
(unaudited)

	three mos ended Dec 31 2016	three mos ended Dec 31 2015	six mos ended Dec 31 2016	six mos ended Dec 31 2015
Income				
Land purchase option proceeds	5,000	-	5,000	5,000
Interest & dividends	9,030	10,186	16,438	22,258
	14,030	10,186	21,438	27,258
Expenses				
General corporate *(note 4)*	41,736	58,748	70,022	74,409
Professional services	21,779	20,504	40,824	37,589
Property maintenance	7,868	11,347	25,235	24,978
	71,383	90,599	136,081	136,976
Net (Loss) income before provision for income taxes	(57,353)	(80,413)	(114,643)	(109,718)
Unrealized gain on marketable securities	-	-	11,000	-
Comprehensive loss for the period	(57,353)	(80,413)	(103,643)	(109,718)
Basic and diluted loss per share *(note 7)*	(0.011)	(0.015)	(0.019)	(0.020)
Weighted average number of shares	5372350	5372350	5372350	5372350

The notes to the unaudited condensed interim financial statements are an integral part of these statements

Consolidated Tanager Limited

Condensed Interim Statements of Cash Flows
For the six month period ended December 31,
(expressed in Canadian $)
(unaudited)

	2016	2015
Cash flow from operating activities		
Net loss for the period	(103,643)	(109,718)
Other (uses) sources of cash from operations:		
Accounts receivable	3,177	19,410
Prepaid expenses	1,801	14,622
Marketable securities	(11,000)	-
Accounts payable and accrued liabilities	8,191	(12,740)
	(101,474)	(88,426)
Cash flow from investing activities		
Net proceeds from redemption of short-term investments	378,476	329,346
	378,476	329,346
Cash flow from financing activities		
Payment of dividends	(268,618)	(268,618)
Increase (decrease) in cash	8,384	(27,698)
Cash, beginning of period	26,797	38,529
Cash, end of period	35,181	10,831

1. Business of the Company

Consolidated Tanager Limited (the "Company") is incorporated under the Business Corporation Act of Ontario with a registered address at 23 Tanager Avenue, Toronto, Ontario. The Company holds resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out.

2. Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards ("IFRS")

These condensed interim financial statements have been prepared by management in accordance with International Account Standard 34 – Interim Financial Reporting ("IAS 34"), under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended June 30, 2016.

Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS have been omitted or are condensed. These condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2016.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended December 31, 2016 and 2015 are not necessarily indicative of the results to be expected for the full year.

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Significant accounting judgments and estimates below.

Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's) that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

Financial Assets:

The Company's financial instruments comprise the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Short-term investments	Fair value through profit and loss
Marketable securities – equity securities	Available-for-sale

Accounts receivable	Loans and receivables
Income tax receivable	Loans and receivables
Financial liabilities:	Classification:
Accounts payable	Other financial liabilities

Fair value through profit and loss:
Financial assets are designated as fair value through profit and loss if they were acquired principally for the purpose of selling in the short term. Fair value through profit and loss assets are recognized and carried at their fair value.

Loans and receivables:
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the condensed interim statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market date (unobservable inputs).

As of December 31, 2016, and June 30, 2016, cash and cash equivalents and marketable securities – equity securities, were measured at fair value and as such are classified within Level 1 of the fair value hierarchy.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of December 31, 2016, and June 30, 2016 the Company had $2,989,092 and $3,286,026 respectively of cash equivalents in the form of flexible and redeemable guaranteed investment certificates.

Marketable securities
Marketable securities consist of equity securities over which the Company does not have control or significant influence. The equity securities are designated as available-for-sale and measured at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than temporary losses, are recorded as other comprehensive income or loss.

Revenue recognition
Revenue consists of interest income from investments which is recognized on an accrual basis as earned. Royalties, sale of mineral interests, and other revenues are recognized as revenue when received.

Provisions
A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its

obligations under the contract. The Company had no material provisions as at December 31, 2016, and June 30, 2016.

Income taxes
Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in neat earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per share
Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

Significant accounting judgments and estimates
The preparation of these condensed interim 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 condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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 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.

Segment reporting
The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are *not* limited to, the following:

- The recoverability of amounts receivable and prepayments included in the condensed interim statements of financial position;
- Management's position that there is no income tax provision required within these condensed interim financial statements.

Critical accounting judgments
The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Accounting standards effective in current period but not yet adopted

IFRS 9, *Financial Instruments: Classification and Measurement*, issued in its final form in July, 2014, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning July 1, 2018 and has not yet considered the potential impact of its adoption.

IFRS 15, *Revenue from Contracts with Customers:* effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. Management anticipates that this standard will be adopted in the Company's financial statements for the year beginning July 1, 2018 and has not yet considered the potential impact of its adoption.

The Company has reviewed the other standards and interpretations that have been issued but are not yet effective and it does not expect any of these to have an impact on its financial statements.

3. Short Term Investments

At December 31, 2016, the Company had one non-redeemable guaranteed investment certificate ("GIC"), totaling $950,000 (2015 - $1,000,000). The GIC was issued on February 14, 2014 with a maturity date of February 14, 2017 and has an escalating annual interest rate of 1.25% for the first year, 1.75% for the second year, and 2.00% for the third year.

4. Mining Properties

The Company's investments in the following properties were each written down to $1 in a prior year.

Timmins Area of Ontario

The Company owns 88 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. $350 per ounce, on rock treated in excess of the first 50,000 tons processed. In 2004, 20 of the patented claims and 1 license of occupation were sold for $200,000 of which an irrevocable payment of $50,000 was received prior to June 30, 2003. Commencing April 1, 2004 the agreement of sale also provides for minimum annual advance royalty payments in the amount of $70,000 plus a 3% annual escalation clause for an additional period of 9 years. The agreement expired at the end of 2013.

On May 6, 2015, the Company (the "Grantor") entered into an option to purchase agreement with Recurrent Energy Site Co LLC (the "Grantee") to purchase properties that the Company owns in Timmins, Ontario. In consideration for this option, the Company received $5,000 on August 5, 2015 and $5,000 on October 11, 2016. At the time of receiving the second option payment the Grantee notified the Grantor that they would not be proceeding with the purchase.

Hinton Coal Property of Alberta
The Hinton Coal property comprises 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with CIP Coal Pty Ltd ("CIP") to transfer the rights of the Hinton Coal property. An initial cash payment of $2,000,000 was received by the Company. In accordance with the agreement, upon completion of a favourable feasibility study during in 2012, the Company received a second cash payment of $6,000,000. The Company was entitled to receive a further payment of $10,000,000 in the event that the property is put into production at a rate of at least 90,000 tonnes per month at any time until February 2016. Should this final payment not be made ownership of the property is retained by the Company. The agreement technically expired as of March 31, 2016, however, the Company is currently engaged in negotiations with The Cline Group ("Cline"), the successor to CIP, to extend the date of the final cash payment on an annual basis until the earlier o March 31, 2023 or 15 days after the successor corporation has produced, sold and delivered its 500,000th clean tonne of coal from the Alberta property.

5. Related Party Transactions

The Company incurred expenses of $20,000 in management fees in the six months to December 31, 2016 (December 31, 2015 - $20,000) to the President for services provided to the Company. These expenses are included in general corporate expenses.

The Company incurred expenses of $6,000 for administrative services in the six months to December 31, 2016 (December 31, 2015 - $6,000) to the Secretary Treasurer for services provided to the Company. These expenses are included in professional services.

The Company incurred expenses of $23,646 for legal services in the six months to December 31, 2016 (December 31, 2015 -nil) to legal firms in which a director of the Company was a partner. These expenses are included in professional services.

The related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

6. **Share Capital**
Authorized
As of December 31, 2016, June 30, 2016 and June 30, 2015, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

	Number of Common Shares	Amount
Balance, December 31, 2016, June 30, 2016	5,372,350	$ 507,501

On August 10, 2016 the Company declared a special eligible dividend of $0.05 per issued and outstanding common share for a total of $268,618. The dividend was paid September 16, 2016 to all shareholders of record as at the close of business August 30, 2016.

On June 29, 2015 the Company declared a special eligible dividend of $0.05 per issued and outstanding common share for a total of $268,618. The dividend was paid August 18, 2015 to all shareholders of record as at the close of business July 21, 2015.

7. **Stock Options**
Pursuant to the Company's stock option plan ("the Plan") the company has reserved and set aside up to 500,000 common shares for the granting of options to directors and officers. The terms of the awards under the Plan are determined by the Board of Directors.

As of December 31, 2016, and June 30, 2016 the Company did not have any stock options outstanding (none outstanding as of June 30, 2015).

8. **Capital Disclosures**
The Company's objectives when managing capital are to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.
The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.
Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.
The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the period ended September 30, 2016.

9. **Financial Risk Factors**
The Company is exposed in varying degrees to a variety of financial instrument related risks:
Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and short-term investments. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As of December 31, 2016, June 30, 2016 and June 30, 2015 cash exceeded the Company's financial liabilities.

Market Risk

Interest rate risk - The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

Commodity price risk - The Company is exposed to price risk with respect to commodities. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices related to coal to determine the appropriate course of action to be taken by the Company.