GARIBALDI RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

October 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Financial Position
October 31, 2016 and January 31, 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note		October 31 2016		January 31, 2016
ASSETS					
Current assets					
Cash		$	47,247	$	449,571
Marketable securities	4		24,697		78,269
Sales taxes receivable	5		29,863		51,334
Other receivables			1,266		1,266
Prepaid expenses and advances			8,835		11,728
			111,908		592,168
Non-current assets					
Reclamation deposits	6		37,390		37,390
Equipment	7		35,493		45,124
Exploration advances			35,000		-
Exploration and evaluation assets	8		8,360,445		7,833,042
			8,468,328		7,915,556
TOTAL ASSETS		**$**	**8,580,236**	**$**	**8,507,724**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	11	$	728,903	$	381,367
Related party notes payable	11	$	2,000		-
Deferred flow-through premium	10		36,543		90,040
TOTAL LIABILITIES			**767,446**		**471,407**
SHAREHOLDERS' EQUITY					
Share capital	10		18,602,765		18,554,265
Shares to be issued	8		12,750		-
Contributed surplus			2,638,139		2,638,139
Deficit			(13,440,864)		(13,156,087)
TOTAL SHAREHOLDERS' EQUITY			**7,812,790**		**8,036,317**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**8,580,236**	**$**	**8,507,724**

Commitments - Notes 8, 9, and 10

Approved on behalf of the Board on December 23, 2016:

"Steve Regoci"	*"Barrie Di Castri"*
Director	Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine months ended October 31, 2016 and 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	Three months ended October 31, 2016	2015	Nine months ended October 31, 2016	2015
Expenses					
Bank charges and interest		$ 1,580	$ 2,306	$ 5,446	$ 9,044
Consulting fees		2,909	5,394	11,367	35,619
Depreciation		187	234	1,003	702
Foreign exchange loss		267	401	2,449	4,200
Insurance		2,310	2,447	6,930	7,343
Management fees	11	72,000	72,000	216,000	216,000
Office and miscellaneous		2,180	6,221	10,991	18,937
Professional fees	11	21,305	14,425	43,377	44,262
Rent		15,234	15,638	44,540	44,737
Share-based payments		-	0	-	88,500
Shareholder communications		6,711	12,425	28,123	40,791
Telephone		1,612	1,647	5,527	5,722
Transfer agent and filing fees		2,514	2,452	15,074	10,443
Travel and entertainment		97	746	614	10,382
Wages	11	27,841	28,459	93,522	80,936
Loss before other items		(156,747)	(164,795)	(484,963)	(617,618)
Other items					
Gain on sale of marketable securities	4	6,990	9,265	124,592	210,584
Other income		36,787	52,702	53,728	65,402
Unrealized gain (loss) on marketable securities	4	(21,328)	(51,402)	21,865	(388,773)
		22,449	10,565	200,185	(112,787)
Net and comprehensive loss		**$ (134,298)**	**$ (154,230)**	**$ (284,778)**	**$ (730,405)**
Loss per share - basic and diluted		**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**
Weighted average number of shares outstanding		**71,292,125**	**64,933,959**	**71,030,081**	**64,775,594**

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended October 31, 2016 and 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of shares		Amount		Contributed surplus		Shares issuable		Deficit		Total
Balance at January 31, 2016	**70,792,125**	**$**	**18,554,265**	**$**	**2,638,139**	**$**	**-**	**$**	**(13,156,087)**	**$**	**8,036,317**
Shares issued for mineral properties	500,000		48,500		-		12,750		-		61,250
Net and comprehensive loss	-		-		-		-		(284,778)		(284,778)
Balance at October 31, 2016	**71,292,125**	**$**	**18,602,765**	**$**	**2,638,139**	**$**	**12,750**	**$**	**(13,440,865)**	**$**	**7,812,789**

	Number of shares		Amount		Contributed surplus		Shares issuable		Deficit		Total
Balance at January 31, 2015	**64,595,709**	**$**	**17,799,151**	**$**	**2,441,639**	**$**	**69,375**	**$**	**(11,982,299)**	**$**	**8,327,866**
Share subscriptions	-		-		-		20,000		-		20,000
Shares issued for mineral properties	150,000		9,000		-		-		-		9,000
Shares issued for services	188,250		39,375		-		(39,375)		-		-
Share-based payments	-		-		88,500		-		-		88,500
Net and comprehensive loss	-		-		-		-		(730,405)		(730,405)
Balance at October 31, 2015	**64,933,959**	**$**	**17,847,526**	**$**	**2,530,139**	**$**	**50,000**	**$**	**(12,712,704)**	**$**	**7,714,961**

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended October 31, 2016 and 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Nine months ended October 31, 2016	2015
Operating Activities		
Net loss	$ (284,778)	$ (730,405)
Adjustments for non-cash items:		
Depreciation	1,003	702
Share based payments	-	88,500
Gain on sale of marketable securities	(124,592)	(210,584)
Other income	(53,497)	(63,221)
Unrealized gain (loss) on marketable securities	(21,865)	388,773
Changes in non-cash working capital items:		
Sales taxes receivable	21,471	1,125
Prepaid expenses and advances	(32,107)	6,589
Trade payables and accrued liabilities	329,933	(35,230)
Net cash flow used in operating activities	(164,432)	(553,751)
Investing Activities		
Expenditures on exploration and evaluation assets	(439,598)	(842,987)
Proceeds from coal royalties program	-	104,324
Acquisition of capital assets	(323)	-
Proceeds from the sale of marketable securities	200,029	442,266
Net cash flows from investing activities	(239,892)	(296,397)
Financing Activities		
Share subscriptions	-	20,000
Advances from related parties	2,000	-
Net cash flows from financing activities	2,000	20,000
Change in cash	(402,324)	(830,148)
Cash, beginning of period	449,571	1,191,751
Cash, end of period	**$ 47,247**	**$ 361,603**

Non-cash transactions – Note 14

1. Corporate Information

Garibaldi Resources Corp. (the “Company”) is an exploration stage company incorporated on November 22, 1993 under the laws of the Province of Alberta, Canada. Its business activity is the acquisition, exploration and evaluation of mineral properties located in Canada and Mexico. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “GGI”.

The Company’s head office and principal business address is Suite 1150, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended January 31, 2016, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of those audited financial statements and have been consistently applied in the preparation of these condensed interim financial statements.

These condensed interim consolidated financial statements were authorized for issue on December 23, 2016 by the directors of the Company.

3. New Accounting Standards

The following standards will be adopted by the Company effective February 1, 2018:

IFRS 15 ***Revenue from Contracts with Customers*** - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 – ***Financial Instruments*** - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company is currently evaluating the impact that the adoption of the future standards may have on the Company’s consolidated financial statements.

(Stated in Canadian Dollars)

4. Marketable Securities

On April 17, 2015, Paramount Gold and Silver Corporation completed a merger transaction with Coeur Mining Inc. As a result, the common shares of Paramount Gold and Silver Corporation held by the Company were exchanged on a pro-rata basis for common shares of Coeur Mining Inc. and Paramount Gold Nevada Corp.

At October 31, 2016, marketable securities consist of 1,501 common shares of Coeur Mining Inc. and 940 common shares of Paramount Gold Nevada Corp. During the nine months ended October 31, 2016, the Company sold 16,500 (2015 – 43,000) common shares of Coeur Mining Inc. and 19,805 (2015 – 130,000) common shares of Paramount Gold and Silver Corporation for gross proceeds of $200,029 (2015 – $442,266) resulting in a realized gain on sale of $124,592 (2015 – $210,584). During the nine months ended October 31, 2016, the Company recognized an unrealized gain of $21,865 (2015 – loss of $388,773) due to fluctuations in the quoted market price of the shares held.

5. Sales Taxes Receivable

		October 31, 2016		**January 31, 2016**
IVA receivable (Mexico)	$	24,619	$	18,833
GST receivable (Canada)		5,244		32,501
Total	**$**	**29,863**	**$**	**51,334**

The Company is exposed to credit risk on its sales taxes receivable which consist of refundable government goods and services taxes.

6. Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in redeemable interest bearing certificates with large financial institutions.

(Stated in Canadian Dollars)

7. Equipment

October 31, 2016

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2016	129,268	12,994	362,568	504,830
Additions	-	-	323	323
At October 31, 2016	129,268	12,994	362,891	505,153
Accumulated depreciation:				
At January 31, 2016	110,240	9,240	340,226	459,706
Depreciation	4,281	608	5,065	9,954
At October 31, 2016	114,521	9,848	345,291	469,660
Net book value:				
At January 31, 2016	$ 19,028	$ 3,754	$ 22,342	$ 45,124
At October 31, 2016	**$ 14,747**	**$ 3,146**	**$ 17,600**	**$ 35,493**

January 31, 2016

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2015	129,268	12,994	362,568	504,830
Additions	-	-	-	-
At January 31, 2016	129,268	12,994	362,568	504,830
Accumulated depreciation:				
At January 31, 2015	102,085	8,304	330,648	441,037
Depreciation	8,155	936	9,578	18,669
At January 31, 2016	110,240	9,240	340,226	459,706
Net book value:				
At January 31, 2015	$ 27,183	$ 4,690	$ 31,920	$ 63,793
At January 31, 2016	**$ 19,028**	**$ 3,754**	**$ 22,342**	**$ 45,124**

(Stated in Canadian Dollars)

8. Exploration and Evaluation Assets

October 31, 2016

	Mexico			Canada				
	La Patilla $	Iris $	Sonora $	Red Lion $	Grizzly $	King North & King South $	Other $	TOTAL $
Acquisition Costs								
Balance, January 31, 2016	112,666	264,123	1,295,271	55,817	142,223	41,628	74,697	**1,986,425**
Additions	-	-	-	-	-	30,000	64,361	**94,361**
Balance, October 31, 2016	**112,666**	**264,123**	**1,295,271**	**55,817**	**142,223**	**71,628**	**139,058**	**2,080,786**
Deferred Exploration Costs								
Balance, January 31, 2016	484,634	230,140	3,260,973	291,196	1,358,488	130,161	91,025	**5,846,617**
Depreciation	-	-	5,981	-	-	-	-	**5,981**
Assays	-	-	-	550	12,860	735	5,542	**19,687**
Drilling and trenching	-	-	2,003	-	-	-	-	**2,003**
Geology and mapping	-	-	10,859	29,749	1,925	57,355	110,088	**209,976**
Surveying	-	-	-	3,886	-	-	57,913	**61,799**
Travel and field	3,360	10,734	95,839	-	623	4,071	53,969	**168,596**
Balance, October 31, 2016	487,994	240,874	3,375,655	325,381	1,373,896	192,322	318,537	**6,314,659**
Proceeds from sale of claim	-	-	-	-	-	(35,000)	-	**(35,000)**
Total	**600,660**	**504,997**	**4,670,926**	**381,198**	**1,516,119**	**228,950**	**457,595**	**8,360,445**

(Stated in Canadian Dollars)

January 31, 2016

	Mexico			Canada				
	La Patilla $	Iris $	Sonora Properties $	MSM & Red Lion $	Grizzly $	King $	Other $	Total $
Acquisition costs:								
Balance, January 31, 2015	110,243	256,519	1,328,584	61,875	140,662	41,628	64,791	2,004,302
Costs, staking and taxes	2,423	7,604	100,747	21,612	1,561	-	9,906	143,853
Balance, January 31, 2016	112,666	264,123	1,429,331	83,487	142,223	41,628	74,697	2,148,155
Deferred exploration costs:								
Balance, January 31, 2015	364,677	230,140	3,174,742	34,058	457,506	92,548	39,983	4,393,654
Equipment depreciation	7,736	-	9,996	-	-	-	-	17,732
Assays	15,634	-	12,258	5,672	16,605	-	3,679	53,848
Drilling and trenching	-	-	-	-	131,961	-	-	131,961
Geology and mapping	70,989	-	49,917	79,940	111,067	10,075	18,184	340,172
Surveying	-	-	-	183,869	39,833	-	-	223,702
Travel and field work/supplies	25,598	-	14,060	25,283	623,365	27,538	29,179	745,023
Balance, January 31, 2016	484,634	230,140	3,260,973	328,822	1,380,337	130,161	91,025	5,906,092
BC Mining tax credit	-	-	-	-	(21,849)	-	-	(21,849)
Proceeds from sale of claim	-	-	(100,625)	-	-	-	-	(100,625)
Write-off of mineral property	-	-	(33,435)	(65,296)	-	-	-	(98,731)
Total	**597,300**	**494,263**	**4,556,244**	**347,013**	**1,500,711**	**171,789**	**165,722**	**7,833,042**

8. Exploration and Evaluation Assets (cont'd)

La Patilla

On April 15, 2013, the Company entered into an agreement to acquire a 100% interest in the 99 hectare La Patilla property located in the Municipality of Rosario, State of Sinaloa, Mexico. The property was held by Prospeccion y Desarrollo Minero del Norte, S.A. de C.V. ("ProDeMin"), a private Mexican company controlled by Dr. Craig Gibson, PhD., a director of the Company, with underlying Mexican owners. Pursuant to the terms of the agreement, the Company paid US$40,000 to the underlying owners to exercise an existing option agreement with ProDeMin, and US$30,000 to ProDeMin. On August 19, 2013, on receipt of TSX-V acceptance of the agreement the Company issued 300,000 shares with a fair value of $39,000 to ProDeMin. Should the property be placed in commercial production, the Company will issue a further 800,000 shares to ProDeMin and will pay a 3% NSR royalty capped at US$3,000,000. The Company may buy back 2% NSR at any time upon the payment of $2,000,000 to ProDeMin.

Iris

On April 7, 2006, the Company entered into an option agreement to acquire a 100% interest in the Iris property located in Chihuahua State, Mexico. The property is subject to a 2% net smelter return royalty. During the year ended January 31, 2007, the Company completed the terms of the option agreement by paying US$110,000 to the optionor. The Company has the right to buy down the net smelter return royalty to 1% by paying US$1,500,000 to the optionor.

Sonora Properties

On October 23, 2006, the Company entered into a property purchase agreement to acquire four non-contiguous concessions in Sonora State, Mexico, known as the Tonichi, Badesi, Onavas and Rodadero concessions.

The Company initially paid $93,159 to acquire the concessions. The agreement also required the Company to issue 100,000 common shares for each of the concessions upon transfer of title of the concessions to the Company. The Company issued the 400,000 common shares with a market value of $48,000 or $0.12 per share on October 6, 2009.

The Company must also incur minimum exploration and development expenditures approximating $75,000 per year to keep the concessions in good standing. The concessions will each be subject to a 1% net smelter return royalty which the Company can purchase at any time for $1,000,000 each.

Grizzly

During the year ended January 31, 2006, the Company entered into an agreement to acquire the Grizzly claims located in the Sheslay Valley district of north western British Columbia, subject to a 2% net smelter return royalty. On May 6, 2009, the Company issued 100,000 common shares with a market value of $13,500 for the claims.

On January 27, 2014, the Company entered into an agreement to purchase two additional mineral claims, East Hat and East Hat 2, adjacent to the Grizzly claims. The vendor retained a 2% net smelter return (NSR) on production from the properties. The Company has the option at any time to reduce the NSR to 1% for a payment of $1,000,000 to the vendor. On March 5, 2014, the Company received TSX-V approval of the agreement and issued 100,000 common shares with a fair value of $22,500 to the vendor.

8. Exploration and Evaluation Assets (cont'd)

King

On August 15, 2009, the Company entered into a mineral property option agreement to acquire six mineral tenures comprising approximately 1,720 hectares located in the Iskut River area of British Columbia, known as the King Property. Under the terms of the agreement, the Company agreed to pay $10,000 (paid), issue 100,000 common shares (issued on November 9, 2010 valued at $21,000), pay an additional $90,000 in cash or shares in tranches over the next five years, and complete $100,000 (completed) in exploration work on the property. The Company was to make a $70,000 payment by June 30, 2014 which was not paid.

On December 15, 2015, the option agreement was amended and the Company earned a 100% interest in the King Property by agreeing to engage the optionor for a minimum of $72,500 of exploration work on the King Property in 2016 in lieu of making the final $70,000 option payment. The optionor retained a net smelter return royalty of 2%.

King South

On May 10, 2016, the Company entered into a purchase agreement to acquire seventeen mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the King South claims in exchange for 300,000 common shares (issued during the nine months ended October 31, 2016 valued at $30,000) of the Company and agreeing to engage the vendor for a minimum of $50,000 (paid during the nine months ended October 31, 2016) of exploration work on the claims. The vendor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $1,000,000.

Mount Sister Mary and Red Lion

On January 31, 2014, the Company entered into a mineral property option agreement to acquire five mineral tenures located in the Laird Mining Division of British Columbia, known as the Mount Sister Mary Property and six mineral tenures located in the Omenica Mining Division of British Columbia, known as the Red Lion Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $2,000,000. Under the terms of the agreement the option payments and share issuances are as follows:

- Within 10 days of TSX-V approval – cash payment of $18,500 (paid) and issuance of 75,000 common shares (issued with a fair value of $16,875).
- On or before January 31, 2015 – issuance of additional 150,000 common shares (issued with a fair value of $25,500).
- On or before January 31, 2016 – issuance of additional 150,000 common shares (issued with a fair value of $18,000).
- On or before January 31, 2017 – issuance of additional 150,000 common shares.
- On or before January 31, 2018 – issuance of additional 500,000 common shares.

During the year ended January 31, 2016, the Company abandoned its interest in the Mount Sister Mary mineral tenures and recorded a write-off of the option payments and capitalized costs relating to the Mount Sister Mary mineral tenures in the amount of $65,295. The Company has retained the Red Lion mineral tenures and exploration and evaluation expenditures on those tenures continue to be capitalized.

8. Exploration and Evaluation Assets (cont'd)

Other

Black Gold

The Company's Black Gold property represents a black granite quarry located in Grand Forks, British Columbia. The claims remain in good standing.

Tora Tora

The Tora Tora mineral claims are located in the Similkameen area of British Columbia and were acquired at a nominal cost, subject to a 2% net smelter return royalty. The Company continues to pay maintenance fees to keep these claims in good standing.

Golden Bear

On May 5, 2015, the Company acquired eight mineral claims comprising approximately 1400 hectares adjacent to the southern border of the Company's Grizzly property.

Under the terms of the agreement, the Company issued 150,000 common shares with a fair value of $9,000 in exchange for a 100% interest in the Golden Bear claims, subject to a 2% net smelter returns royalty, half of which the Company can buy back for $1,000,000.

Palm Springs

On May 5, 2016, the Company entered into a mineral property option agreement to acquire 35 mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the Palm Spring Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for $1,000,000. Under the terms of the agreement, in order to acquire an initial 60% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of $10,000 and issuance of 100,000 common shares (issued at a value of $8,000 and paid during the nine months ended October 31, 2016).
- On or before May 5, 2017 – issuance of an additional 200,000 common shares and incur $100,000 in exploration expenditures.
- On or before May 5, 2018 – issuance of an additional 300,000 common shares and incur an additional $250,000 in exploration expenditures.
- On or before May 5, 2019 – issuance of an additional 400,000 common shares and incur an additional $750,000 in exploration expenditures.
- On or before May 5, 2020 – issuance of an additional 400,000 common shares and incur an additional $1,000,000 in exploration expenditures.

In order to acquire an additional 15% interest (75% total) in the Property the share issuances are as follows:

- On or before May 5, 2020 – issuance of an additional 2,000,000 common shares.

In order to acquire an additional 20% interest (95% total) in the Property the option payments are as follows:

- At any time – cash payment of $2,000,000.

(Stated in Canadian Dollars)

8. **Exploration and Evaluation Assets** (cont'd)

E&L

On June 3, 2016, the Company entered into a mineral property option agreement to acquire a 100% undivided interest in four mineral tenures located in the Liard Mining Division in northwest British Columbia, comprising 766.42 hectares known as the E&L Property. In order to earn the interest, the Company will be required make cash payments totalling $100,000, issuing 1,100,000 shares of the Company over a four-year schedule, and incurring exploration expenditures on the property totalling $375,000 by the end of the four-year option period. The option will be subject to a 2% net smelter return royalty retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of $5,000 and issuance of 100,000 common shares (paid and issued at value of $10,500 during the nine months ended October 31, 2016).
- On or before June 3, 2017 – cash payment of $15,000, issuance of an additional 200,000 common shares and incur $25,000 in exploration expenditures.
- On or before June 3, 2018 – cash payment of $20,000, issuance of an additional 250,000 common shares and incur an additional $50,000 in exploration expenditures.
- On or before June 3, 2019 – cash payment of $25,000, issuance of an additional 250,000 common shares and incur an additional $75,000 in exploration expenditures.
- On or before June 3, 2020 – cash payment of $35,000, issuance of an additional 300,000 common shares and incur an additional $225,000 in exploration expenditures.

East Claims Property

Pursuant to a mineral property purchase agreement dated September 12, 2016, the Company acquired twenty mineral tenures located in the Liard mining division in northwest British Columbia, comprising 1,473.13 hectares known as the East Claims property in consideration for 150,000 common shares of the Company and a cash payment of $15,000. The shares are included in shares to be issued at October 31, 2016 at a fair value of $12,750 and were issued subsequent to October 31, 2016.

9. **Commitments**

Operating lease:

At October 31, 2016, future payments required under a non-cancellable operating lease for office premises contracted for but not capitalized in the financial statements are as follows:

Payable not later than one year	$	49,128
Payable later than one year and not later than five years		61,410
Total	$	110,538

Management services agreements:

The Company entered into management services agreements which provide for monthly remuneration of $12,000 for each of its Chief Executive Officer and Chief Financial Officer.

10. Share Capital

Authorized:

Unlimited common shares with no par value

Issued and Outstanding:

At October 31, 2016, there were 71,292,125 (January 31, 2016 – 70,792,125) issued and outstanding common shares.

Issued During the Nine Months Ended October 31, 2016:

On June 8, 2016, 100,000 common shares with a fair value of $8,000 were issued as an option payment for the Palm Springs Property.

On June 21, 2016, 300,000 common shares with a fair value of $30,000 were issued as an option payment for the King South claims.

On July 12, 2016, 100,000 common shares with a fair value of $10,500 were issued as an option payment for the E&L Property.

Issued During the Year Ended January 31, 2016:

On May 7, 2015, 188,250 common shares with a fair value of $39,375 were issued to Agoracom for services provided under the term of an on-line marketing agreement.

On July 20, 2015, the Company issued 150,000 common shares with a fair value of $9,000 for a 100% interest in the Golden Bear claims (Note 8).

On December 23, 2015, the Company issued 5,708,166 common shares for gross proceeds of $846,640 pursuant to a non-brokered private placement. The Company issued 4,041,500 flow-through units at $0.16 per unit for gross proceeds of $646,640 and 1,666,666 non-flow-through units at $0.12 per unit for gross proceeds of $200,000. The flow-through units contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at $0.25 until December 23, 2017. The non-flow-through units contained one common share and one share purchase warrant. Each warrant entitled the holder to purchase an additional common share at $0.20 until December 23, 2017. In connection with the private placement, the Company paid commissions of $45,405 and filing and legal fees of $11,458 which were recorded as share issue costs.

There was a flow-through premium of $0.025 per share or $101,038 which was recorded as a deferred flow-through premium and which will be recognized as other income as flow-through expenditures are incurred. During the nine months ended October 31, 2016, the Company recorded other income of $53,497 (2015: $0) in connection with this flow through premium. The difference of $745,602 between the gross proceeds of $846,640 and the deferred flow-through premium of $101,038 has been recognized as equity.

(Stated in Canadian Dollars)

The Company renounced $646,640 of exploration expenditures to the investors under the look-back rule on December 31, 2015. The proceeds from the private placement are being used for exploration of the Company's B.C. properties.

On January 29, 2016, the Company issued 150,000 common shares with a fair value of $18,000 for an option payment on the acquisition of the Red Lion property.

10. Share Capital (cont'd)

Stock options:

The Company has a stock option plan available to directors, officers, employees and consultants under which the total stock options available for grant is limited to 10% of the issued and outstanding common shares at any point in time. The exercise price of options granted may not be less than the market price of the Company's stock on the date of grant less any discount permitted by the policies of the TSX-V.

Options are granted for a maximum term of five years and vest on the date of the grant unless vesting terms are prescribed by regulatory policy or otherwise determined by the Company's Board of Directors.

Stock Options Granted During the Nine Months Ended October 31, 2016:

There were no options issued during the nine months ended October 31, 2016.

Stock Options Granted During the Year Ended January 31, 2016:

On July 30, 2015, the Company granted 2,950,000 stock options to directors, officers and consultants exercisable for up to five years at $0.10 per share.

On December 24, 2015, the Company granted 1,200,000 stock options to directors and officers exercisable for up to five years at $0.20 per share.

The weighted average grant date fair value of options granted during the year ended January 31, 2016 was $0.05. The fair values were determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year Ended January 31, 2016
Share price	$ 0.08
Expected life of options	5.0 years
Annualized volatility	94%
Risk-free interest rate	0.80%
Dividend rate	0%
Forfeiture rate	0%

(Stated in Canadian Dollars)

10. Share Capital (cont'd)

***Stock options** (cont'd):*

A summary of stock option activity for the nine months ended October 31, 2016 and the year ended January 31, 2016 is as follows:

	Nine months ended October 31, 2016			Year ended January 31, 2016		
	Number of options		Weighted average exercise price	Number of options		average exercise price
Options outstanding, beginning of period	6,925,000	$	0.20	3,450,000	$	0.29
Options granted	-		-	4,150,000		0.13
Options expired	(1,750,000)		0.35	(675,000)		0.22
Options exercised	-		-	-		-
Options outstanding, end of period	5,175,000	$	0.15	6,925,000	$	0.20
Options exercisable, end of period	5,175,000	$	0.15	6,925,000	$	0.20

At October 31, 2016, the weighted average remaining contractual life of the outstanding options is 3.36 years.

At October 31, 2016, there were 5,175,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options Outstanding	Exercise Price	Expiry Date
500,000	$0.30	February 22, 2017
525,000	$0.20	February 3, 2019
2,950,000	$0.10	July 20, 2020
1,200,000	$0.20	December 24, 2024
5,175,000		

(Stated in Canadian Dollars)

10. Share Capital (cont'd)

Share Purchase Warrants

A summary of share purchase warrant activity for the nine months ended October 31, 2016 and the year ended January 31, 2016 is as follows:

	Nine months ended October 31, 2016			Year ended January 31, 2016		
	Number of warrants		**Weighted average exercise price**	**Number of warrants**		**average exercise price**
Warrants outstanding, beginning of period	6,663,571	$	0.26	2,976,155	$	0.30
Warrants issued	-		-	3,687,416		0.23
Warrants expired	(2,976,155)		0.30	-		-
Warrants outstanding, end of period	3,687,416	$	0.23	6,663,571	$	0.26

At October 31, 2016, the weighted average remaining contractual life of the outstanding warrants is 1.14 years.

At October 31, 2016, there were 3,687,416 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
2,020,750	$0.25	December 23, 2017
1,666,666	$0.20	December 23, 2017
3,687,416		

(Stated in Canadian Dollars)

11. Related Party Transactions

Related party transactions

The Company incurred the following charges by directors of the Company or by companies with directors in common with the Company during the three and nine months ended October 31, 2016 and 2015:

	Three months ended October 31,		Nine months ended October 31,	
	2016	2015	2016	2015
Management fees	$ 72,000	$ 72,000	$ 216,000	$ 216,000
Exploration costs capitalize	-	-	-	4,309
Professional fees	-	-	-	7,000
Share-based payments	-	-	-	82,500
Wages	24,000	24,000	72,000	72,000
	$ 96,000	$ 96,000	$ 288,000	$ 381,809

Key management personnel compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and Mexican Operations Manager to be key management. The Company incurred the following key management compensation charges during the three and nine months ended October 31, 2016 and 2015:

	Three months ended October 31,		Nine months ended October 31,	
	2016	2015	2016	2015
Short-term benefits	$ 96,000	$ 96,000	$ 288,000	$ 288,000
Share-based payments	-	-	-	72,000
	$ 96,000	$ 96,000	$ 288,000	$ 360,000

At October 31, 2016, accounts payable and accrued liabilities included $335,550 (January 31, 2016: $132,100) due to directors of the Company for services provided and for expenses incurred on behalf of the Company.

Related party notes payable includes $2,000 due to the Company's Chief Financial Officer.

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

12. Financial Instruments and Risk Management

As at October 31, 2016, the Company's financial instruments consist of cash, marketable securities, and trade payables.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

12. Financial Instruments and Risk Management (cont'd)

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 on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financing activities and its holdings of cash and marketable securities.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2016:

		October 31, 2016		January 31, 2016
Non-derivative financial liabilities:				
Trade payables	$	702,692	$	381,367
Related party notes payable	$	2,000	$	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Mexican subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar.

12. Financial Instruments and Risk Management (cont'd)

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in Mexican pesos:

		October 31, 2016		January 31, 2016
Cash	$	219	$	5,671
Sales taxes receivable		24,619		18,833
Trade payables		(260,976)		(171,679)
Total	$	(236,138)	$	(147,175)

Based on the above net exposure, at October 31, 2016, a 10% change in the exchange rate of the Mexican peso in relation to the Canadian dollar would impact the Company's net income or loss by approximately $1,700.

The Company is also exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

		October 31, 2016		January 31, 2016
Cash	$	1,571	$	4,197

Based on the above net exposure, at October 31, 2016, a 10% change in the exchange rate of the US dollar in relation to the Canadian dollar would impact the Company's net income or loss by approximately $200.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company cash is exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. All marketable securities are subject to price and market volatility. At October 31, 2016, the Company holds 1,501 common shares of Coeur Mining Inc. and 940 common shares of Paramount Gold Nevada Corp with a total market value of $24,697. These shares are subject to market risk.

(Stated in Canadian Dollars)

12. Financial Instruments and Risk Management (cont'd)

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	October 31, 2016	January 31, 2016
Fair value through profit or loss:		
Cash	$ 47,247	$ 449,571
Marketable securities	24,697	78,269
	$ 71,944	$ 527,840

Financial liabilities included in the statements of financial position are as follows:

	October 31, 2016	January 31, 2016
Non-derivative financial liabilities:		
Trade payables	$ 728,903	$ 381,367
Related party notes payable	$ 2,000	$ -

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The following is an analysis of the Company's financial instruments measured at fair value on a recurring basis as at October 31, 2016 and January 31, 2016:

	October 31, 2016		
	Level 1	Level 2	Level 3
Cash	$ 47,247	$ -	$ -
Marketable securities	24,697	-	-
	$ 71,944	$ -	$ -

	January 31, 2016		
	Level 1	Level 2	Level 3
Cash	$ 449,571	$ -	$ -
Marketable securities	78,269	-	-
	$ 527,840	$ -	$ -

(Stated in Canadian Dollars)

13. Segmented Information

Operating segment

The Company operates in a single reportable operating segment which is the acquisition and exploration of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	October 31, 2016		
	Canada	**Mexico**	**Total**
Equipment	$ 7,190	$ 28,303	$ 35,493
Reclamation deposits	37,390	-	37,390
Exploration advances	35,000	-	35,000
Exploration and evaluation assets	2,583,863	5,776,583	8,360,446
	$ 2,663,443	$ 5,804,886	$ 8,468,328

	January 31, 2016		
	Canada	**Mexico**	**Total**
Equipment	$ 9,021	$ 36,103	$ 45,124
Reclamation deposits	37,390	-	37,390
Exploration and evaluation assets	2,185,235	5,647,807	7,833,042
	$ 2,231,646	$ 5,683,910	$ 7,915,556

14. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended October 31, 2016 and 2015, the following transactions were excluded from the statements of cash flows:

	October 31, 2016	**October 31, 2015**
Depreciation on equipment capitalized to exploration and evaluation assets	$ 8,951	$ 13,299
Shares issued for exploration and evaluation assets	48,500	9,000
Exploration and evaluation assets included in receivables/payables	2,604	198,523
	$ 60,005	$ 220,822

15. Events after the Reporting Period

Subsequent to October 31, 2016:

i) the Company issued 75,000 common shares pursuant to a Purchase Agreement dated October 18, 2016 for the acquisition of two mineral tenures located in the Liard mining division comprising approximately 89.1269 hectares known as the E&L South and North claims.

ii) the Company issued 500,000 common shares in connection with the acquisition of ten mineral tenures comprising approximately 4,148.33 hectares located in the Liard mining division contiguous to the Company's E&L Project, known as the Qu claims.