

WOLVERINE MINERALS CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wolverine Minerals Corp.

We have audited the accompanying financial statements of Wolverine Minerals Corp., which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wolverine Minerals Corp. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Wolverine Minerals Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 19, 2017

WOLVERINE MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2016	December 31, 2015
ASSETS		
CURRENT		
Cash	\$ 167,467	\$ 6,584
GST receivable	13,747	13,190
	181,214	19,774
NON-CURRENT		
Property and equipment (Note 6)	11,581	18,997
Exploration and evaluation assets (Note 7)	54,957	49,857
	66,538	68,854
TOTAL ASSETS	\$ 247,752	\$ 88,628
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 200,963	\$ 445,814
Promissory notes (Note 9)	-	61,250
Convertible debentures (Note 10)	-	389,805
TOTAL LIABILITIES	200,963	896,869
 SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 11)	15,216,513	13,891,308
Reserves	2,014,637	2,014,637
Convertible debentures – equity component (Note 10)	-	115,998
Accumulated deficit	(17,184,361)	(16,830,184)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	46,789	(808,241)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	\$ 247,752	\$ 88,628

Commitment (Note 15)
Subsequent events (Note 16)

Approved on behalf of the Board:

<p>“Thomas Doyle” <hr style="width: 100%; border: 0.5px solid black;"/> Thomas Doyle</p>	<p>Director</p>	<p>“Logan Anderson” <hr style="width: 100%; border: 0.5px solid black;"/> Logan Anderson</p>	<p>Director</p>
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WOLVERINE MINERALS CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended December 31,	2016	2015
OPERATING EXPENSES		
Office and professional fees	\$ 146,515	\$ 111,293
Management and directors fees (Note 8)	228,000	246,000
Exploration expenditures	-	250,587
Accretion (Note 10)	16,195	99,803
Interest	25,164	38,195
LOSS BEFORE OTHER ITEMS	(415,874)	(745,879)
Gain on disposition of subsidiary (Note 5)	-	762,027
Gain on settlement of debt (Note 9)	129,533	-
Write-down of GST receivable	(17,979)	-
Foreign exchange gain	-	1,086
Write-off of exploration and evaluation assets (Note 7)	(49,857)	(573,835)
NET LOSS	(354,177)	(556,601)
Reclassification of cumulative translation gain on disposition of subsidiaries	-	(81,648)
Foreign currency translation adjustment	-	28,657
OTHER COMPREHENSIVE LOSS	-	(52,991)
TOTAL COMPREHENSIVE LOSS	\$ (354,177)	\$ (609,592)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.01)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	19,664,477	4,984,630

The accompanying notes are an integral part of these financial statements

WOLVERINE MINERALS CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Convertible debentures	Accumulated Deficit	Accumulated other comprehensive income	Total
	Number	Amount					
Balance at December 31, 2014	4,984,630	\$ 13,891,308	\$ 2,017,637	\$ 66,286	\$ (16,273,583)	\$ 52,991	\$ (248,361)
Convertible debentures (Note 10)	-	-	-	49,712	-	-	49,712
Net loss for the year	-	-	-	-	(556,601)	-	(556,601)
Reclassification of cumulative translation gain on disposition of subsidiaries	-	-	-	-	-	(81,648)	(81,648)
Other comprehensive income	-	-	-	-	-	28,657	28,657
Balance at December 31, 2015	4,984,630	13,891,308	2,014,637	115,998	(16,830,184)	-	(808,241)
Share issuance for cash (Note 11)	11,000,000	539,407	-	-	-	-	539,407
Debt conversion (Note 11)	13,396,000	669,800	-	-	-	-	669,800
Convertible debentures (Note 10)	-	115,998	-	(115,998)	-	-	-
Net loss for the year	-	-	-	-	(354,177)	-	(354,177)
Balance at December 31, 2016	29,380,630	\$ 15,216,513	\$ 2,014,637	\$ -	\$ (17,184,361)	\$ -	\$ 46,789

The accompanying notes are an integral part of these financial statements

WOLVERINE MINERALS CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended December 31,	2016	2015
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (354,177)	\$ (556,601)
Items not involving cash:		
Write-off of exploration and evaluation assets	49,857	573,835
Write-off of GST receivable	17,979	
Gain on settlement of debt	(129,533)	-
Accrued interest	25,164	35,385
Gain on disposition of subsidiaries	-	(680,379)
Reclassification of cumulative translation gain on disposition of subsidiaries	-	(81,648)
Depreciation	7,416	7,416
Accretion expense	16,195	99,803
Change in non-cash working capital items:		
GST receivable	(18,536)	(8,079)
Deposits	-	9,556
Accounts payable and accrued liabilities	(34,165)	279,038
Net cash used in operating activities	(419,800)	(326,514)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(43,482)	-
Cash change due to deconsolidation	-	(802)
Net cash used in investing activities	(43,482)	(802)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of issuance costs	539,407	-
Proceeds from issuance of convertible debentures	-	174,000
Proceeds from issuance of promissory notes	88,000	61,250
Repayment of notes payable	(3,243)	-
Net cash provided by financing activities	624,164	235,250
Effects of foreign currency exchange	-	2,417
CHANGE IN CASH	160,883	(89,649)
CASH, BEGINNING	6,584	96,233
CASH, END	\$ 167,467	\$ 6,584

The accompanying notes are an integral part of these financial statements

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 1 CORPORATE INFORMATION

Wolverine Minerals Corp. (the “Company”) was incorporated on June 7, 2004 in British Columbia, and its business is the acquisition, exploration and development of mineral properties. The Company is listed on the TSX Venture Exchange (the “TSX-V”). The address of the Company’s corporate office and principal place of business is Suite 1085, Bentall Two, 555 Burrard Street, Vancouver, British Columbia, Canada V7X 1M8.

During the year ended December 31, 2014, the Company completed the acquisition of Remedios Gold Holdings S.A. and Remedios Gold S.A.S. both of which are incorporated in Colombia. On July 2, 2014, the Company incorporated a new wholly owned Colombian subsidiary Neuva Granada Gold S.A.S. (“Neuva”). On December 27, 2015, the Company disposed its subsidiaries Remedios Gold Holdings S.A., Remedios Gold S.A.S., and Neuva Granada Gold S.A.S (Note 5) (collectively the “Remedios”).

During the year ended December 31, 2015, the Company sold its wholly owned subsidiaries (Note 5).

NOTE 2 BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements were authorized for issue by the Board of Directors on April 19, 2017.

b) Basis of Presentation

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Canadian dollars. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The Company’s functional currency is the Canadian dollar.

c) Going Concern

These financial statements have been prepared assuming the Company will continue on a going-concern basis. At December 31, 2016, the Company had not yet achieved profitable operations, and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company’s ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Foreign Currency Translation

The individual financial statements of each entity of the Company are prepared in the currency of the primary economic environment in which the entity operates (its “functional currency”). The functional currency of the Company is Canadian dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are reinstated at rate prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reinstated. Exchange difference are recognized in profit or loss in the period in which they arise.

b) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of leasehold improvements and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is recorded based on the cost of an item of leasehold improvements and equipment, less its estimated residual value, using the straight-line method over the following expected useful lives:

Equipment	2 to 3 years
Leasehold improvements	5 years

Items of property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized. The assets’ residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate.

c) Exploration and Evaluation Assets

Once the legal right to explore has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation expenditures, including general administration and overhead costs are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, the exploration and evaluation expenditures, along with the acquisition costs, are deemed to be impaired and written off.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and Evaluation Assets (continued)

The Company assesses exploration and evaluation assets for impairment when the facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'Mines under construction'.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) Impairment of Non-financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

e) Financial Instruments

Financial Assets

Financial assets are classified into the following category based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash and cash equivalents or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (continued)

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Other financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial Instrument Classification

During the year ended December 31, 2016 and 2015, the Company classified its financial instruments as follows:

- Cash as loans and receivables; and
- Accounts payable, convertible debentures, and promissory notes as other financial liabilities.

f) Provisions

Provision for Environmental Rehabilitation

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

As of December 31, 2016 and 2015, the Company did not have any rehabilitation obligations.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Convertible debentures

When the Company issues convertible debt, the proceeds are allocated first to the debt component, based on its discounted cash flows using a discount rate appropriate for similar debts without conversion features. The residual value is allocated to all equity components, and is included in share-based payments reserve. The debt component is accreted over its contractual life using the effective interest method, which includes other costs, such as finders' fees. The accretion expense is included in profit or loss as interest expense. On settlement of the debt, the equity components are transferred to deficit.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using the tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if-converted" method. Diluted amounts are not presented when the effects of the computation are anti-dilutive.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Share-based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon exercise, equity-settled share-based payments are reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where options are cancelled or settled during the period when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

l) New accounting standards and interpretations issued but not yet adopted

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

At the date of the approval of the financial statements, a number of other standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant Judgements

The most significant judgments in applying the Company's accounting policies in these financial statements are:

i) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

ii) Determination of Functional Currency

The Company determines the functional currency through its analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the reporting entity.

iii) Disposition of Remedios

Management determined the Company lost control of its Remedios subsidiaries based on transfer of control of the Remedios subsidiaries to the purchaser, considering its access to records, control of management personnel, control of economic resources and capital decisions, and the assignment of risk and reward to the purchaser ahead of the title transfer.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

Significant Estimates

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

i) Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information and existing permits.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Significant Estimates (continued)

ii) Recoverability and measurement of deferred tax assets

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

NOTE 5 DISPOSITION OF COLOMBIAN SUBSIDIARIES

On December 23, 2015, the Company entered into a binding Letter Agreement to sell the Remedios subsidiaries and Nueva Granada Gold S.A.S (collectively, the “Subsidiaries”).

In consideration for sale of the issued and outstanding shares of the Subsidiaries, the purchaser assumed all liabilities of the Subsidiaries. In addition, the purchaser granted the Company a 3.0% net smelter return (“NSR”) royalty on the minerals that may be produced from the mineral properties held by the Subsidiaries. The purchaser is entitled to repurchase the 3% NSR royalty from the Company at any time for US\$700,000. The Company has estimated the fair value of the NSR royalty to be nominal.

The date of disposition was December 27, 2015.

The gain recognized on the disposition of the Subsidiaries consisted of the following:

Extinguished accounts payable and accrued liabilities	\$ (680,379)
Recognition of foreign currency translation adjustment on disposition	<u>(81,648)</u>
Gain on disposition of Subsidiaries	<u>\$ (762,027)</u>

On February 16, 2016, the Company closed the share purchase agreement for the sale of the Subsidiaries.

The Company operates under a single line of business which is engaged in exploration and development of the mineral resources. The Subsidiaries did not have cash flows and operations that could be clearly distinguished from the rest of the entity. As a result, the result of operations of the Subsidiaries have not been separately reported as discontinued operations in the consolidated statement of comprehensive loss.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 6 PROPERTY AND EQUIPMENT

	Leasehold improvements		Equipment		Total
Cost					
December 31, 2014	\$	19,249	\$	14,061	\$ 33,310
Impairment		-		(4,378)	(4,378)
December 31, 2015 and 2016		19,249		9,683	28,932
Depreciation					
December 31, 2014		(1,925)		(1,119)	(3,044)
Depreciation for the year		(3,852)		(3,564)	(7,416)
Impairment		-		525	525
December 31, 2015		(5,777)		(4,158)	(9,935)
Depreciation for the year		(3,852)		(3,564)	(7,416)
December 31, 2016	\$	(9,629)	\$	(7,722)	\$ (17,351)
Net book value					
December 31, 2015	\$	13,472	\$	5,525	\$ 18,997
December 31, 2016	\$	9,620	\$	1,961	\$ 11,581

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	Yukon Territory		Los Venados		Total
Acquisition costs:					
Balance, December 31, 2015 and 2014	\$	49,857	\$	-	\$ 49,857
Additions		-		30,000	30,000
Impairment		(49,857)		-	(49,857)
Balance, December 31, 2016	\$	-	\$	30,000	\$ 30,000
Exploration and evaluation costs:					
Balance, December 31, 2014	\$	573,835	\$	-	\$ 573,835
Impairment		(573,835)		-	(573,835)
Balance, December 31, 2015		-		-	-
Additions		-		24,957	24,957
Balance, December 31, 2015	\$	-	\$	-	\$ 49,857
Balance, December 31, 2016	\$	-	\$	54,957	\$ 54,957

Yukon Territory Properties:

- The Company acquired the Andy property, in the Logan Mountains area, Watson Lake Mining Division, Yukon, which consists of 48 claims.
- The Company entered into an agreement on January 3, 2011 to purchase the Vivi property, Simpson Range area, Watson Lake Mining Division, Yukon. The Vivi property consists of 16 claims. The Company made a single payment of \$35,000. The vendor retains a 2% NSR royalty from any production from the property, half of which may be re-purchased by the Company at anytime for \$1,000,000. Additional claims have been staked.

During the year ended December 31, 2016, the Company wrote down acquisition and deferred exploration costs relating to the Yukon Territory Properties totaling \$49,857 (2015 - \$573,835).

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 7 EXPLORATION AND EVALUATION ASSETS (Continued)

Los Venados, Sonora Mexico

The Company entered into an option agreement dated November 28, 2016 (the "Option Agreement") with Minera Gavilan, S.A. de C.V. (the "Optionor") and Almadex Minerals Limited ("Almadex"), pursuant to which the Optionor has agreed to grant the Company an option (the "Option") to acquire up to 100% of the Optionor's 100% right and title interest in and to an option agreement between the Optionor, Almadex and Compania Minera La Pitahaya, S.A. de C.V. (the "Underlying Optionor") dated October 6, 2015, whereby the Optionor has the option to acquire a 100% interest in the Los Venados 1 mineral concession (the "Property") located in Sonora State, Mexico (the "Transaction");

To exercise its Option, the Company shall:

- i) assume all obligations of Almadex to the Underlying Optionor, with the exception of the issuance of Almadex shares which remains an obligation of Almadex;
- ii) pay CDN\$30,000 (the "Cash Payment") on execution of the Option Agreement for expenditures on the Property (paid in year ended December 31, 2016);
- iii) issue 250,000 common shares (each, a "Share") within 10 days of receipt of approval of the TSX-V (the "Approval Date"). The transaction was approved by the TSX-V on February 10, 2017 (Note 16);
- iv) issue 250,000 Shares on or before the first anniversary of the Approval Date;
- v) issue 500,000 Shares on or before the second anniversary of the Approval Date;
- vi) issue 1,000,000 Shares on or before the third anniversary of the Approval Date; and
- vii) drill a minimum of 1,000 meters by the second anniversary of the Approval Date, as part of the total required project expenditures of a minimum of US\$500,000 (the "Expenditures"), which must be incurred on or before the third anniversary of the Approval Date.

Upon exercise of the Option, the Company will grant to Almadex a 2.0% net smelter returns royalty (the "NSR Royalty") with respect to production of all precious metals from the property. The NSR Royalty will be payable following commencement of commercial production on the property. The property is also subject to an underlying 2.0% net smelter returns royalty to the Underlying Optionor which may be purchased by the Company for \$1,000,000.

If the Option is exercised, the Company will also be responsible for making a \$500,000 bonus payment to the Underlying Optionor when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified

NOTE 8 RELATED PARTY TRANSACTIONS

Amounts due to related parties are unsecured, do not bear interest and are due on demand. Related party transactions during the year ended December 31, 2016 and 2015 not disclosed elsewhere in these financial statements are as follows:

- a) The Company incurred \$192,000 (2015: \$192,000) for consulting fees charged by officers of the Company for the year ended December 31, 2016.
- b) The Company incurred \$36,000 in directors' fees (2015: \$54,000) for the year ended December 31, 2016. During the year ended the Company converted \$54,000 of unpaid directors' fees into common shares of the Company.
- c) At December 31, 2016 accounts payable and accrued liabilities included \$132,000 (2015: \$216,862) due to directors of the Company.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 8 RELATED PARTY TRANSACTIONS (Continued)

- d) At December 31, 2016 convertible debentures included \$Nil (2015: \$381,997) due to directors of the Company. The Company converted \$396,000 of convertible debentures and \$53,012 of accrued interest that was held by directors or Companies owned by directors into common shares of the Company at \$0.05 per share.
- e) At December 31, 2016 promissory notes included \$Nil (2015: \$61,250) due to directors of the Company. The Company converted \$143,250 in promissory notes and interest due of \$8,838 into common shares of the company at \$0.05 per share during the year ended December 31, 2016.

NOTE 9 PROMISSORY NOTES

During the year ended December 31, 2016, the Company entered into promissory note agreements for the sum of \$88,000 (2015: \$61,250). The promissory notes were unsecured, bear interest at 12% per annum. During the year ended the Company converted \$146,250 in promissory notes along with \$9,153 in accrued interest into 3,108,060 common shares of the Company at \$0.05 per share.

During the year ended December 31, 2016, the Company settled promissory notes of \$209,285 and accounts payable amounts of \$129,533 and recognized a gain of \$129,533 on settlement of debt.

NOTE 10 CONVERTIBLE DEBENTURES

	Liability Component	Equity Component
Balance – December 31, 2014	\$ 165,714	\$ 66,286
Amount at date of issue	124,288	49,712
Accretion expense	99,803	-
Balance – December 31, 2015	389,805	115,998
Accretion expense	16,195	-
Conversion to common shares	(406,000)	(115,998)
Balance – December 31, 2016	\$ -	\$ -

On December 29, 2014, the Company completed the first tranche of a private placement of convertible debentures for the principal sum of \$232,000. The convertible debentures bear interest at 10% per annum, repayable on December 29, 2015. The convertible debentures are convertible at the option of the holders into units of the Company at a conversion price of \$0.05 per unit. Each unit consists of one common share and one non-transferrable share purchase Warrant. Each Warrant will entitle the holder to purchase one share at a price of \$0.05 per share for a period of three years. The accrued interest on the principal amount of the Debentures will be convertible into units at a conversion price of the greater of \$0.05 per unit and the market price on the date of any applicable conversion.

During February through May of the year ended December 31, 2015, the Company completed the second tranche of a private placement of convertible debentures for the principal sum of \$174,000. The convertible debentures bear interest at 10% per annum, and are repayable one year from their issue date. The convertible debentures are convertible at the option of the holders into units of the Company at a conversion price of \$0.05 per unit. Each unit consists of one common share and one non-transferrable share purchase Warrant. Each Warrant will entitle the holder to purchase one share at a price of \$0.05 per share for a period of three years. The accrued interest on the principal amount of the Debentures will be convertible into units at a conversion price of the greater of \$0.05 per unit and the market price on the date of any applicable conversion.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 10 CONVERTIBLE DEBENTURES (Continued)

For accounting purposes, the principal amount of convertible debentures are separated into liability and equity components. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible debentures assuming a 40% effective interest rate which was the estimated rate for similar debentures without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component.

During the year ended December 31, 2016, the Company recorded an accretion expense of \$16,195 (2015 -\$99,803).

During the year ended December 31, 2016, the Company converted \$406,000 in convertible debentures along with \$54,397 in interest into 9,207,940 common shares of the Company.

NOTE 11 SHARE CAPITAL AND RESERVESCommon Shares

Authorized share capital consists of an unlimited number of common shares without par.

On May 24, 2016, the Company consolidated the number of outstanding shares on a 1 new share for 5 old shares basis. As a result, the number of outstanding shares, warrants, options, and per share data presented in these financial statements, including comparative figures have been adjusted retrospectively.

On August 8, 2016, the Company completed a non-brokered private placement financing for 11,000,000 units at a price of \$0.05 per unit for gross proceeds of \$545,800. Each unit consists of one common share in the capital of the company and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of \$0.075 per share during the first year from the date of issuance and \$0.10 per share during the second year from the date of issuance. In connection with the financing, the company paid \$4,200 in finders' fees and incurred other share issuance costs of \$2,193.

During the year ended December 31, 2016, the Company settled \$669,800 in debt (convertible notes, promissory notes and related accrued interest, and, outstanding directors fees) by issuing 13,396,000 common shares at a deemed price of \$0.05 per share.

Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	1,400,000	\$0.50
Issued	1,400,000	\$0.50
Balance, December 31, 2015	2,800,000	\$0.50
Expired	(1,400,000)	\$0.50
Issued	11,000,000	\$0.075
Balance December 31, 2016	12,400,000	\$0.08

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 11 SHARE CAPITAL AND RESERVES (Continued)Share Purchase Warrants (continued)

As at December 31, 2016, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,400,000	\$0.50	April 15, 2017
11,000,000 ⁽¹⁾	\$0.075/\$0.10	August 8, 2018
12,400,000		

(1) Warrant is exercisable at \$0.075 in the first year and \$0.10 in the second year.

Stock Options

On November 20, 2006, the Company's Board of Directors approved the adoption of a "rolling" stock incentive plan (the "Plan") in accordance with the policies of the TSX-V. The Board of Directors is authorized to grant options under the Plan to directors, officers, consultants or employees to acquire up to a maximum of 10% of the issued and outstanding common shares at the time an option is granted. The exercise prices of options granted shall not be less than the Discounted Market Price, as defined in Exchange Policy 2.4, and the exercise period shall not exceed 5 years from the date the option is granted. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the recipient is a consultant or employed in an investor relations capacity.

The following table summarizes the changes in stock options during the years presented:

	Options	Weighted Average Exercise Price
Balance, December 31, 2015 and 2014	95,000	\$0.50
Expired	(20,000)	\$0.50
Balance December 31, 2016	75,000	\$0.50

As at December 31, 2016, the stock options exercisable and outstanding as follows:

Number of Options	Exercise Price	Expiry Date	Weighted Average Remaining Life (years)
65,000	\$0.50	February 23, 2017	0.15

These options expired unexercised subsequent to December 31, 2016.

Wolverine Minerals Corp.
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

NOTE 12 INCOME TAXES

A reconciliation of income recovery at statutory rates with the reported recovery is as follows:

	2016	2015
Loss before income taxes	\$ (354,177)	\$ (556,601)
Tax recovery based on statutory rate of 26%	(92,086)	(144,716)
Non-deductible expenses	-	(10,575)
Adjustment to prior years provision versus statutory tax returns	37,383	1,969,934
Change in unrecognized deferred income tax assets	54,704	90,357
Income tax recovery	\$ -	\$ -

	2016	2015
Non-capital losses	\$ 985,293	\$ 927,405
Share issuance costs	1,330	2,155
Equipment	5,438	3,509
Debt with accretion	-	4,288
Unrecognized deferred tax assets	(992,061)	(937,357)
Net deferred income tax assets	\$ -	\$ -

As at December 31, 2016, the Company has estimated non-capital losses for Canadian tax purposes of \$3,789,000 that may be carried forward to reduce taxable income derived in future years. These losses expire in the years 2026 – 2036.

NOTE 13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risk and assessed the impact and likelihood of this exposure. These risks include market risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) **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 and is comprised of interest rate risk, foreign currency risk and commodity price risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances, convertible debentures and promissory notes. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian and Colombian chartered banks. The Company regularly monitors compliance to its cash management policy.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year ended December 31, 2015, the Company sold its wholly owned Colombian Subsidiaries and no longer transacts in Colombian Pesos. As a result, the Company's exposure to foreign currency risk is minimal.

NOTE 13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

a) Market risk (continued)

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be under-taken.

b) 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. As of December 31, 2016 the Company is exposed to credit risk with respect to its cash of \$167,467 (2015: \$6,584). Cash is held with reputable Canadian banks which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal.

c) 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 ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. As at December 31, 2016, the Company has not yet generated revenue to cover operating expenditures. The Company also has a significant amount of short-term debt. The Company will require additional financing to fund its on-going operations and currently has no resources from which to repay its outstanding obligations. There can be no certainty of the Company's ability to raise additional financing in a timely manner. Consequently, the Company is significantly exposed to liquidity risk.

NOTE 14 CAPITAL DISCLOSURE

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' deficiency as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes to capital management during the year ended December 31, 2016.

NOTE 15 COMMITMENT

During the year ended December 31, 2014, the Company entered into a five year lease agreement for office space in Vancouver BC. The lease commences July 1, 2014. Annual lease payments under this agreement are approximately \$33,183 from year 1 to year 3 and \$34,412 from year 4 to year 5. In addition to the basic rent, the Company is also responsible for its proportionate share of annual property taxes and operating expenses.

Wolverine Minerals Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

NOTE 16 SUBSEQUENT EVENTS

On January 19, 2017 the Company completed a non-brokered private placement financing of 1,500,000 units at a price of \$0.07 per unit for gross proceeds of \$105,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share of the Company at a price of \$0.085 per share for a period of three years.

On February 8, 2017, the Company issued 200,000 common shares pursuant to an option agreement with Almadex (Note 7).