TWYFORD VENTURES INC.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Twyford Ventures Inc.

We have audited the accompanying financial statements of Twyford Ventures Inc., which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of loss and comprehensive loss, changes in equity 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.

Auditors' 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 auditors' 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, these financial statements present fairly, in all material respects, the financial position of Twyford Ventures Inc. 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.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

April 13, 2017

Twyford Ventures Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at		**December 31, 2016**		**December 31, 2015**
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**75,533**	$	241,912
Accounts receivable		**3,279**		3,860
Prepaid expenses (note 7)		**3,446**		3,563
		82,258		**249,335**
Non-current assets				
Exploration and evaluation assets (note 4)		**1**		1
TOTAL ASSETS	**$**	**82,259**	**$**	**249,336**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	**$**	**66,050**	$	116,719
TOTAL LIABILITIES		**66,050**		**116,719**
EQUITY				
Share capital (note 5)	**$**	**1,236,441**	$	1,236,441
Additional paid-in capital (note 5(d))		**56,482**		56,482
Deficit		**(1,276,714)**		(1,160,306)
TOTAL EQUITY		**16,209**		**132,617**
TOTAL EQUITY AND LIABILITIES	**$**	**82,259**	**$**	**249,336**

Corporate information and continuance of operations (note 1)
Commitments (note 8)
Segmented information (note 9)
Subsequent event (note 13)

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

These financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Sophia Shane Director *Director* */s/ Anish Sunderji Director*

Twyford Ventures Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended December 31, 2016	For the year ended December 31, 2015
EXPENSES		
Finance income	**(617)**	(2,049)
Impairment of exploration and evaluation assets (note 4)	**50,000**	739,103
Office (note 7)	**290**	2,120
Professional (note 7)	**53,472**	48,173
Registrar services	**7,363**	9,394
Rent (note 7)	**-**	7,218
Listing and filing	**5,900**	5,700
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**$ 116,408**	$ 809,659
Basic and diluted loss per share for the year attributable to common shareholders	**$ 0.01**	$ 0.06
Weighted average number of common shares outstanding	**12,966,667**	12,966,667

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

Twyford Ventures Inc.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves			
	Number of shares	**Amount**	**Additional paid-in capital**	**Stock options reserve**	**Deficit**	**Total**
Balance at December 31, 2014	**12,966,667**	**$ 1,236,441**	**$ -**	**$ 56,482**	**$ (350,647)**	**$ 942,276**
Reclassification of grant-date fair value on expired options	-	-	56,482	(56,482)		**-**
Total comprehensive loss	-	-	-	-	(809,659)	**(809,659)**
Balance at December 31, 2015	**12,966,667**	**$ 1,236,441**	**$ 56,482**	**$ -**	**$ (1,160,306)**	**$ 132,617**
Total comprehensive loss	-	-	-	-	(116,408)	**(116,408)**
Balance at December 31, 2016	**12,966,667**	**$ 1,236,441**	**$ 56,482**	**$ -**	**$ (1,276,714)**	**$ 16,209**

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

Twyford Ventures Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended December 31, 2016	December 31, 2015
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (116,408)**	**$ (809,659)**
Impairment of exploration and evaluation assets	50,000	739,103
	(66,408)	**(70,556)**
Net changes in non-cash working capital items:		
Accounts receivable	581	(85)
Prepaid expenses	117	(3,400)
Accounts payable and accrued liabilities	(100,669)	(428)
Net cash flows used in operating activities	**(166,379)**	**(74,469)**
Net decrease in cash and cash equivalents	**(166,379)**	**(74,469)**
Cash and cash equivalents, beginning of year	**241,912**	**316,381**
Cash and cash equivalents, end of year	**$ 75,533**	**$ 241,912**
Cash and cash equivalents consist of :		
Cash	**25,533**	**41,912**
Term deposits	**50,000**	**200,000**
	$ 75,533	**$ 241,912**
Cash received during the year for interest	**$ -**	**$ -**
Cash paid during the year for interest	**$ -**	**$ -**
Cash paid during the year for income taxes	**$ -**	**$ -**

As at December 31, 2016, exploraton and evaluation assets amounts totalling $50,000 (2015 - $100,000) were included in accounts payable and accrued liabilities.

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Twyford Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 9, 2010, and is in the business of mineral exploration and development.

The Company's head office, principal address and registered address and records office is Suite 1240, 1140 West Pender Street, Vancouver, BC, V6E 4G1, Canada.

At the date of the financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2016, the Company had working capital of $16,208 and an accumulated deficit of $1,276,714. Management believes that it has sufficient working to meet its liabilities for the next twelve months after taking into consideration the financing completed subsequent to December 31, 2016 as described in Note 13. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The financial statements of the Company for the year ended December 31, 2016 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on April 13, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

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

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Critical accounting estimates

The information about significant areas of estimation uncertainly considered by management in preparing the financial statements are as follows:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows. During the years ended December 31, 2016 and 2015, the Company recorded an impairment of $50,000 and $739,103, respectively .

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Company is the Canadian dollar, as this is the currency of the primary economic environment in which the Company operates.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit and highly liquid short-term interest bearing variable rate investments with an original maturity of three months or less, or which are readily convertible into a known amount of cash with no significant charges.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payments expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

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.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

For the years presented the Company has no provisions for environmental rehabilitation.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange on the statement of financial position date while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts receivable, and accounts payable and accrued liabilities.

a) Financial assets

The Company has recognized its cash and cash equivalents as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

The Company has classified its accounts receivable as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the transaction value, including transaction costs and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are recognized on a trade-date basis and initially measured at fair value, including transaction costs. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Available-for-sale financial assets are measured initially at their fair value including transaction costs directly attributable to the acquisition. They are subsequently measured at fair value. Unrealized gains and losses are recognized in other comprehensive income (loss), except for impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

b) Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Refer to Note 11 for the required disclosures.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2016. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

Noomut Property

The Company entered into an agreement on January 26, 2012 with Lawrence Barry and John Robins, doing business as the Hunter Exploration Group, which granted the Company the exclusive right to acquire a 60% undivided beneficial interest in the Noomut River mineral property in Nunavut, Canada.

The terms of the agreement with Hunter were further amended on April 6, 2016 ("Amended Agreement") to delay the planned exploration work for the 2015 fiscal years whereby Hunter acknowledged the expenses incurred to date by the Company and agreed to defer the continuation of the exploration program until the 2016 fiscal year. This Amended Agreement was further amended on January 17, 2017 ("Amended Agreement 2017"). Under the amended terms the Company is required to spend, in addition to the amount incurred to December 31, 2013, a minimum of $100,000 each in the 2017 and 2018 fiscal years and $1,500,000 by December 16, 2019. In consideration for granting the extensions the Company agreed to pay Hunter $25,000 in additional annual advance royalties for three years commencing from April 30, 2013, and due on April 30 of each year.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Under the original terms of the agreement, commencing on December 16, 2015, a $50,000 advance royalty payment is owed by the Company and will continue until such time the Company no longer retains an interest in the property. The required royalty payment for December 16, 2015 was paid during the year ended December 31, 2016. The required royalty payment for December 2016 is included in accounts payable and accrued liabilities and was paid subsequent to December 31, 2016.

Under Amended Agreement 2017, Hunter granted an exclusive option to the Company to earn a 60% undivided beneficial interest in the Property by fulfilling the obligations as set out in the table below:

Payment Date	Work Commitment		Share Issuance		Cash Payments	
On or after TSXV approval	$ -		100,000	(issued)	$ 125,000	(paid)
On or before December 16, 2012	200,000	(incurred)	-		-	
On or before January 15, 2013	-		100,000	(issued)	-	
On or before December 16, 2013	100,000	(incurred)	-		-	
On or before December 16, 2017	100,000		-		-	
On or before December 16, 2018	100,000		-		-	
On or before December 16, 2019	1,500,000		-		-	
	$ 2,000,000		200,000		$ 125,000	

The Company may accelerate the above payments and / or work commitments at any time and thereby exercise the option early.

During the year ended December 31, 2015, the Company decided not to continue exploration of the Noomut River mineral property, but maintained the claims. As a result of the Company's management's decision not to conduct any significant work on the Noomut River mineral property in the near future, the Company wrote off the capitalized costs of $739,103 associated with the Noomut River mineral property during the year ended December 31, 2015.

During the year ended December 31, 2016, the Company further recognized an impairment of loss of $50,000 for the amount paid for acquisition costs.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The cumulative evaluation and exploration costs incurred on the Noomut River mineral property as at December 31, 2016 and 2015 are as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015	Cumulative evaluation and exploration costs, December 31, 2016
Balance, beginning of period:	$ 1	$ 664,104	$ -
Exploration and evaluation costs during the period:			
Acquisition costs			
Cash	$ -	$ -	$ 177,748
Shares	-	-	150,000
Assay and sampling	-	-	7,132
Consulting	-	-	15,048
Equipment rental	-	-	6,728
Field and camp expenses	-	-	50,559
Geophysics	-	-	63,592
Impairment	(50,000)	(739,103)	(789,103)
Legal, office and administrative	-	-	10,514
Royalty payments	50,000	75,000	175,000
Travel	-	-	132,783
	$ -	$ (664,103)	$ 1
Balance, end of period:	$ 1	$ 1	$ 1

During the year ended December 31, 2016, the Company incurred $50,000 in royalty payments which were capitalized as exploration and evaluation costs (December 31, 2015 – $75,000). The option payments were subsequently written off to the statement of loss and comprehensive loss due to management's decision not to conduct any significant work in the near future.

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At December 31, 2016, the Company had 12,966,667 common shares issued and outstanding (December 31, 2015 – 12,966,667).

c) Stock Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

No options were granted, exercised or cancelled during the year ended December 31, 2016 (December 31, 2015 – 750,000 options were expired). As at December 31, 2016 and 2015, there were no options outstanding.

d) Reserves

Additional paid-in capital

Additional paid-in capital records the fair value of the expired options and warrants initially recorded in stock options reserve and warrants reserve.

Stock options reserve

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to additional paid-in capital.

6. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2016 is based on the net loss attributable to common shareholders of $116,408 (December 31, 2015 – $809,659) and a weighted average number of common shares outstanding during the period of 12,966,667 (December 31, 2015 – 12,966,667).

In computing the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The Company did not engage in any transactions directly with key management personnel.

The Company entered into the following transactions with a related party:

a) Rent and administrative services of $117, (including office expenses – $117) (December 31, 2015 – $9,338 including rent – $7,218 and office expenses – $2,120) was paid to a company with common directors. Prepaid expenses as at December 31, 2016 included $3,446 which was paid in advance to a company with common directors (December 31, 2015 – $3,563).

b) The Company paid $36,400 (December 31, 2015 – $19,717) for accounting and administrative services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer and Corporate Secretary. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Accounts payable and accrued liabilities as at December 31, 2016 included $nil due to Quantum (December 31, 2015 – $nil).

8. COMMITMENTS

The Company has commitments to incur expenditures on its Noomut River mineral property as described in Note 4.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and development of exploration and evaluation assets. All of the Company's exploration and evaluation assets are located in Canada.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional exploration interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016.

11. FINANCIAL INSTRUMENTS

a) Fair value

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 fair value of the Company's accounts receivable, and accounts payable and accrued liabilities approximate their carrying value, which is the amount recorded on the statement of financial position. The Company's other financial instrument, cash and cash equivalents, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

11. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to financial instruments fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and accounts receivable.

The Company's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's accounts receivable consist mainly of GST receivable from the government of Canada.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk related to its cash and cash equivalents and accounts receivable is negligible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalents balances to meet liabilities as they become due.

The Company maintained sufficient cash and cash equivalents at December 31, 2016 in the amount of $75,533 in order to meet short-term operating requirements. At December 31, 2016, the Company had accounts payable and accrued liabilities of $66,050. All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2016.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at December 31, 2016 would result in a $755 change to the Company's net loss for the year ended December 31, 2016.

11. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Market Risk (continued)

Foreign Currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at December 31, 2016, the Company is not exposed to currency risk as all transactions and balances are denominated in Canadian dollars.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. INCOME TAXES

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

		2016		2015
Loss for the year	$	(116,408)	$	(809,659)
Expected income tax (recovery)	$	(30,000)	$	(211,000)
Change in unrecognized deductible temporary differences and other		30,000		211,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

12. INCOME TAXES (CONTINUED)

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		2016	Expiry Date Range		2015	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	789,000	No expiry date	$	739,000	No expiry date
Non-capital losses available for future periods		550,000	2030-2036		484,000	2030-2035

13. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Company closed a non-brokered private placement of 1,219,512 shares at a price of $0.205 for gross proceeds of $250,000.