NEVADA ZINC CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Nevada Zinc Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Nevada Zinc Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at September 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,150,469**	$ 235,937
Marketable securities (note 4)	**15,496**	1,976
Amounts receivable and other assets (note 5)	**59,339**	54,788
Total assets	**$ 1,225,304**	$ 292,701
LIABILITIES AND EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 6 and 13)	**$ 129,149**	$ 100,232
Equity		
Share capital (note 7)	**10,368,446**	8,448,542
Reserves (notes 9 and 10)	**1,615,416**	1,138,191
Deficit	**(10,887,707)**	(9,394,264)
Total equity	**1,096,155**	192,469
Total liabilities and equity	**$ 1,225,304**	$ 292,701

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 3 and 15)

Nevada Zinc Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Operating expenses				
Exploration and acquisition costs (note 11)	**$ 193,965**	$ 244,008	**$ 567,697**	$ 676,505
General and administrative (note 12)	**175,376**	108,239	**941,731**	432,320
Operating loss before the following item	**(369,341)**	(352,247)	**(1,509,428)**	(1,108,825)
Unrealized gain (loss) on marketable securities	**21,880**	(1,953)	**22,520**	(47)
Realized loss on sale of marketable securities (note 4)	**(6,535)**	-	**(6,535)**	-
Net loss and comprehensive loss for the period	**$ (353,996)**	$ (354,200)	**$ (1,493,443)**	$ (1,108,872)
Basic and diluted loss per share (note 8)	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	**66,526,932**	59,271,500	**64,080,121**	58,752,385

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nevada Zinc Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating activities		
Net loss for the period	**$ (1,493,443)**	$ (1,108,872)
Adjustments for:		
Unrealized (gain) loss on marketable securities	**(22,520)**	47
Realized loss on sale of marketable securities	**6,535**	-
Share-based payments	**401,780**	93,590
Non-cash working capital items:		
Amounts receivable and other assets	**(4,551)**	10,409
Amounts payable and other liabilities	**28,917**	(109,095)
Net cash and cash equivalents used in operating activities	**(1,083,282)**	(1,113,921)
Investing activity		
Proceeds from sale of marketable securities	**2,465**	-
Net cash and cash equivalents provided by investing activity	**2,465**	-
Financing activities		
Issue of common shares (note 7(b)(iv))	**2,000,000**	-
Issuance costs	**(41,050)**	-
Proceeds from exercise of warrants (notes 7(b)(i)(ii)(v))	**6,399**	927,725
Proceeds from exercise of stock options (note 7(b)(iii)(vi))	**30,000**	75,000
Net cash and cash equivalents provided by financing activities	**1,995,349**	1,002,725
Net change in cash and cash equivalents	**914,532**	(111,196)
Cash and cash equivalents, beginning of period	**235,937**	546,559
Cash and cash equivalents, end of period	**$ 1,150,469**	$ 435,363
Cash and cash equivalents consist of:		
Cash	**$ 1,150,469**	$ 368,413
Cash equivalents	**-**	66,950
	$ 1,150,469	$ 435,363

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nevada Zinc Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Reserves			
	Share capital	Warrant reserve	Share-based payment reserve	Deficit	Total
Balance, December 31, 2014	**$ 7,266,991**	**$ 578,621**	**$ 611,373**	**$ (8,089,588)**	**$ 367,397**
Exercise of warrants (notes 7(b)(i)(ii))	1,061,089	(133,364)	-	-	927,725
Exercise of stock options (note 7(b)(iii))	120,462	-	(45,462)	-	75,000
Expiry of warrants	-	(445,257)	-	445,257	-
Share-based payments (note 10(i))	-	-	93,590	-	93,590
Net loss for the period	-	-	-	(1,108,872)	(1,108,872)
Balance, September 30, 2015	**$ 8,448,542**	**$ -**	**$ 659,501**	**$ (8,753,203)**	**$ 354,840**
Balance, December 31, 2015	**$ 8,448,542**	**$ -**	**$ 1,138,191**	**$ (9,394,264)**	**$ 192,469**
Issuance of common shares (note 7(b)(iv))	2,000,000	-	-	-	2,000,000
Issuance of common shares for finder fees (note 7(b)(iv))	178,453	-	-	-	178,453
Issuance of warrants for finder fees (note 7(b)(iv))	-	108,587	-	-	108,587
Share issue costs	(328,090)	-	-	-	(328,090)
Exercise of warrants (note 7(b)(v))	10,741	(4,342)	-	-	6,399
Exercise of stock options (note 7(b)(vi))	58,800	-	(28,800)	-	30,000
Share-based payments (notes 10(iii)(iv))	-	-	401,780	-	401,780
Net loss for the period	-	-	-	(1,493,443)	(1,493,443)
Balance, September 30, 2016	**$ 10,368,446**	**$ 104,245**	**$ 1,511,171**	**$ (10,887,707)**	**$ 1,096,155**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of operations and going concern

On March 6, 2015, Nevada Zinc Corporation (formerly "Goldspike Exploration Inc.") (the "Company") completed a vertical amalgamation of its wholly-owned subsidiary Nevada Zinc Corporation which was incorporated on January 16, 2015. Concurrent with the vertical amalgamation, the name of the Company was changed from Goldspike Exploration Inc. to Nevada Zinc Corporation. The Company was incorporated by articles of incorporation dated September 29, 2010 under the Business Corporations Act (Ontario). The Company's principal business activity is mineral exploration (described in note 3) in Nevada, United States and Yukon, Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NZN. The head office of the Company is located at 141 Adelaide Street West, Suite 1660, Toronto, Ontario, M5H 3L5.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company is at an exploration stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. The Company has incurred losses in previous years, with current net losses of $1,493,443 for the nine months ended September 30, 2016 (nine months ended September 30, 2015 - $1,108,872) and has an accumulated deficit of $10,887,707 as at September 30, 2016 (December 31, 2015 - $9,394,264). In addition, the Company had working capital of $1,096,155 at September 30, 2016 (December 31, 2015 - working capital of $192,469).

However, existing funds may not be sufficient to explore potential exploration project acquisitions and in due course, further funding will be required. In the event that the Company is unable to secure further financing it may not be able to complete the development of its projects.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

Due to continuing operating losses and limited working capital, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects, if they are proven successful, and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

2. Significant accounting policies (continued)

Statement of compliance (continued)

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

Change in accounting policies

IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. As at January 1, 2016, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Recent accounting pronouncements

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. In July 2014, the IASB issued the final version of IFRS 9. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts.Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for accounting periods beginning on January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

3. Exploration and acquisition

The Company's principal property is the Lone Mountain Zinc Property in Eureka County, Nevada. The Company also holds a 100% interest in a number of mineral claims through the VIP Property (located in the Whitehorse Mining District), and throughout other parts of the Yukon Territory.

Nevada, United States

(i) On July 23, 2014, the Company received approval from the TSXV for the assignment of a lease agreement granting the Company the right to acquire a 100% interest in the Lone Mountain Zinc Property comprised of 176 claims in Eureka County, Nevada (the "Lease Agreement") from Norvista Capital Corporation ("Norvista"). In connection with the Lease Agreement and in consideration for the assignment, the Company issued 2,000,000 common shares to Norvista at a fair value of $0.15 per share (valued at $300,000).

3. Exploration and acquisition (continued)

Nevada, United States (continued)

(i) (continued) Under the terms of the Lease Agreement, the Company has the right to continually lease the Lone Mountain Zinc Property for a minimum 20 year period or longer if the Lease Agreement is extended beyond 20 years. The principal terms of the Lease Agreement require the Company to make annual lease payments of US$25,000 to the lessor during the first three years of the Lease Agreement (first, second and third years paid), after which the lease payments increase to US$50,000 per year in years four and five. Beginning in year six and thereafter the lease payments increase to US$100,000 per year, however, these lease payments are treated as advances against royalty payments from production, if any, during the year the lease payment is made.

The Company must also make all payments to keep the Lone Mountain Zinc Property in good standing and must carry out work programs during the first five years of the Lease Agreement. The work programs are comprised of a minimum of US$50,000 per year in the first three years of the Lease Agreement and a minimum of US$100,000 in years four and five of the Lease Agreement.

The lessor will retain a 3% net smelter returns royalty ("NSR") on precious metals production, if any, and a 2% NSR on base metal production, if any, from the Lone Mountain Zinc Property. The precious metals and base metals NSR on the Lone Mountain Zinc Property can be reduced to 2% and 1%, respectively, under certain circumstances.

(ii) On October 30, 2014, the Company received approval from the TSXV approving the execution by the Company of a lease with an option-to-purchase agreement with Bravada Gold Corp. (“Bravada”) to acquire a 100% interest in Bravada's South Lone Mountain property, located along the Battle Mountain-Eureka gold trend in central Nevada. The Bravada property is adjacent to the Company's Lone Mountain Zinc Property. The Bravada property consists of 28 unpatented mineral claims.

The Bravada agreement provides the Company with the option to earn a 100% interest in the property by making staged, escalating lease payments totaling US$325,000 in cash over a period of up to 10 years, during which exploration and development on the property may be conducted by the Company. In addition, Bravada received 50,000 of the Company's common shares on October 30, 2014 (valued at $9,000) and is eligible to receive another 100,000 of the Company's common shares in the event a National Instrument 43-101 combined resource estimate for the Lone Mountain Zinc Property and the Bravada property indicates that at least 10 per cent of the reported tonnage is attributable to the Bravada property. All lease payments can be applied to the final purchase price of US$325,000, after which advance minimum royalty payments become due annually in the amount of the cash equivalent of 50 ounces of gold.

Bravada and a previous owner of the Bravada property have royalties on production from the Bravada property. Bravada holds a 1.5% NSR on base metals production and a 3.0% NSR on precious metals production. Bravada's base metal NSR can be reduced to 1.0% and its precious metals NSR can be reduced to 1.5% concurrently, not individually, by the Company for a total cash payment to Bravada of US$3 million. The previous owner of the Bravada property holds a 1.0% NSR on both base and precious metal production from the Bravada property. The Company can concurrently, not individually, buy down the royalty on both base and precious metals to 0.5% for total cash consideration of US$3 million.

On March 1, 2015, the Company entered into an option agreement with Bravada to acquire a 50% interest in Bravada’s North Lone Mountain property, located along the Battle Mountain-Eureka Gold trend in central Nevada. The North Lone Mountain property consists of 56 unpatented mining claims.

The Bravada agreement provides the Company with the option to earn a 50% interest in the property by incurring a total of US$150,000 in exploration expenditures over a period of 2 years. Upon the completion of the required exploration expenditures, a joint venture will be formed between the Company and Bravada, with each party holding 50% interest, for further exploration and development of the property.

The original vendors of the property hold a 1.0% NSR, which can be reduced to 0.5% at any time for a one-time cash payment of US$3 million.

(Expressed in Canadian Dollars)

3. Exploration and acquisition (continued)

Nevada, United States (continued)

(iii) On September 16, 2015, the Company purchased 100% interest in the Mountain View Mine located within the Company's Lone Mountain Zinc Property from Combined Metals Reduction Company ("Combined"), a Utah corporation, and its affiliates. In connection with the acquisition, the Company paid $66,250 (US$50,000) to Combined.

Yukon, Canada

The Company is allowing a number of claim groups to expire while continuing the evaluation (at a modest pace) of the precious metals potential of properties such as VIP, Livingstone and Goodman.

On May 1, 2013, the Company entered into an amended option agreement with Goldstrike Resources Ltd. ("Goldstrike") for the Summit Property which is located in the Yukon Territory. Under the amended agreement, Goldstrike has the option to earn a 100% interest in the Summit Property by meeting the following payments: (i) issue 200,000 shares by May 31, 2013 (issued and valued at $40,000); (ii) issue 300,000 shares and pay $125,000 or issue shares in the equivalent amount, by October 31, 2015; (iii) issue 500,000 shares by October 31, 2016; and (iv) issue 600,000 shares and pay $250,000 or issue shares in the equivalent amount, and incur $1,000,000 in exploration expenditures by October 31, 2017. The Company would retain a 3.0% NSR and back-in option in which the Company could reacquire 30% of the property by paying Goldstrike $2,500,000.

On April 30, 2016, the Company agreed to extend all payment obligations by one year under an amended option agreement with Goldstrike for nil consideration. Under this amended agreement, Goldstrike has the option to earn a 100% interest in the Summit Property by meeting the following payments: (i) issue 200,000 shares by May 31, 2013 (issued and valued at $40,000); (ii) issue 300,000 shares and pay $125,000 or issue shares in the equivalent amount, by October 31, 2016; (iii) issue 500,000 shares by October 31, 2017; and (iv) issue 600,000 shares and pay $250,000 or issue shares in the equivalent amount, and incur $1,000,000 in exploration expenditures by October 31, 2018. The Company would retain a 3.0% NSR and back-in option in which the Company could reacquire 30% of the property by paying Goldstrike $2,500,000.

4. Marketable securities

As of September 30, 2016, the Company's publicly traded investments consisted of the following:

Public issuer	Security description	Cost	Estimated fair value
Cava Resources Inc.	28,000 common shares (1)(2)	$ 63,000	$ 15,120
FPS Pharma Inc. (formerly Mill City Gold Corp.)	4,704 common shares	7,200	376
		$ 70,200	**$ 15,496**

(1) Share consolidation: 320,000 common shares were decreased to 32,000 common shares.
(2) During the nine months ended September 30, 2016, the Company sold 4,000 common shares with a cost of $9,000.

(Expressed in Canadian Dollars)

4. Marketable securities (continued)

As of December 31, 2015, the Company's publicly traded investments consisted of the following:

Public issuer	Security description	Cost	Estimated fair value
Cava Resources Inc.	320,000 common shares	$ 72,000	$ 1,600
FPS Pharma Inc. (formerly Mill City Gold Corp.)	4,704 common shares	7,200	376
		$ 79,200	**$ 1,976**

The Company received these marketable securities pursuant to option agreements relating to its exploration and acquisition properties.

5. Amounts receivable and other assets

	As at September 30, 2016	As at December 31, 2015
Sales tax receivable - (Canada)	**$ 12,989**	$ 20,701
Prepaid expenses	**27,597**	15,334
Reclamation bond	**18,753**	18,753
	$ 59,339	$ 54,788

6. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and acquisition costs and general operating activities.

	As at September 30, 2016	As at December 31, 2015
Trade payables	**$ 24,859**	$ 10,715
Accrued liabilities	**104,290**	89,517
	$ 129,149	$ 100,232

The following is an aged analysis of the amounts payable and other liabilities:

	As at September 30, 2016	As at December 31, 2015
Less than 1 month	**$ 62,149**	$ 45,507
1 to 3 months	**-**	9,725
Greater than 3 months	**67,000**	45,000
	$ 129,149	$ 100,232

(Expressed in Canadian Dollars)

7. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at September 30, 2016, the issued share capital amounted to $10,368,446. The change in issued share capital for the periods presented were as follows:

	Number of common shares	Amount
Balance, December 31, 2014	**54,514,001**	**$ 7,266,991**
Exercise of warrants (i)(ii)	4,457,499	927,725
Value of warrants exercised (i)(ii)	-	133,364
Exercise of stock options (iii)	300,000	75,000
Value of options exercised (iii)	-	45,462
Balance, September 30, 2015	**59,271,500**	**$ 8,448,542**

	Number of common shares	Amount
Balance, December 31, 2015	**59,271,500**	**$ 8,448,542**
Issuance of common shares for private placement (iv)	6,666,665	2,000,000
Issuance of common shares for finder fees (iv)	469,613	178,453
Share issue costs	-	(328,090)
Exercise of warrants (v)	21,328	6,399
Value of warrants exercised (v)	-	4,342
Exercise of stock options (vi)	200,000	30,000
Value of stock options exercised (vi)	-	28,800
Balance, September 30, 2016	**66,629,106**	**$ 10,368,446**

(i) During the nine months ended September 30, 2015, the Company issued 4,216,000 shares of its common stock at $0.20 per share related to the exercise of warrants, for total proceeds of $843,200 and Black-Scholes value of $119,314.

(ii) During the nine months ended September 30, 2015, the Company issued 241,499 shares of its common stock at $0.35 per share related to the exercise of warrants, for total proceeds of $84,525 and Black-Scholes value of $14,050.

(iii) During the nine months ended September 30, 2015, the Company issued 300,000 shares of its common stock at $0.25 per share related to the exercise of stock options, for total proceeds of $75,000 and Black-Scholes value of $45,462.

(iv) On March 31, 2016, the Company completed a non-brokered private placement financing of 6,666,665 common shares at price of $0.30 per share for a gross proceeds of $2,000,000.

In connection with the private placement, a finder's fee was paid to certain eligible finders in an amount equal to 8% of the private placement. The finder's fee was comprised of $19,116 in cash and 469,613 common shares of the Company, at a fair value of $0.38 per common share.

(Expressed in Canadian Dollars)

7. Share capital (continued)

b) Common shares issued (continued)

(iv) (continued) In addition, an aggregate of 533,333 non-transferable share purchase warrants were issued in an amount equal to 8% of the number of common shares placed by eligible finders pursuant to the private placement. Each finder's warrant, which has an expiry date of March 31, 2018, entitles the holder to acquire one common share of the Company at an exercise price of $0.30 per common share. The 533,333 warrants fair value was estimated to $108,587 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.54%; expected volatility - 140% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 2 years.

Norvista purchased 666,666 common shares pursuant to the private placement. Norvista Capital I Limited Partnership ("LP"), an institutional funding vehicle, of which a wholly-owned subsidiary of Norvista serves as the general partner of the LP, purchased 666,666 common shares pursuant to the private placement.

(v) On May 30, 2016, the Company issued 21,328 shares of its common stock at $0.30 per share related to the exercise of warrants, for total proceeds of $6,399 and Black-Scholes value of $4,342.

(vi) On August 16, 2016, the Company issued 200,000 shares of its common stock at $0.15 per share related to the exercise of stock options, for total proceeds of $30,000 and Black-Scholes value of $28,800.

8. Net loss per common share

The calculation of basic loss per share for the three and nine months ended September 30, 2016 was based on the loss attributable to common shareholders of $353,996 and $1,493,443, respectively (three and nine months ended September 30, 2015 - $354,200 and $1,108,872, respectively) and the weighted average number of common shares outstanding of 66,526,932 and 64,080,121, respectively for the three and nine months ended September 30, 2016 (three and nine months ended September 30, 2015 - 59,271,500 and 58,752,385, respectively). Diluted loss per share for the periods ended presented did not include the effect of 512,005 warrants (September 30, 2015 - nil warrants) and 5,950,000 stock options (September 30, 2015 - 4,400,000 stock options) as they are anti-dilutive.

9. Warrants

The following table reflects the continuity of warrants for the periods ended September 30, 2016 and 2015:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2014	**12,111,000**	**0.30**
Exercised (notes 7(b)(i)(ii))	(4,457,499)	0.21
Expired	(7,653,501)	0.35
Balance, September 30, 2015	**-**	**-**

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2015	**-**	**-**
Granted (note 7(b)(iv))	533,333	0.30
Exercised (note 7(b)(v))	(21,328)	0.30
Balance, September 30, 2016	**512,005**	**0.30**

(Expressed in Canadian Dollars)

9. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of September 30, 2016:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
512,005	104,245	0.30	March 31, 2018

10. Stock options

The following summarizes the stock option activity for the periods ended September 30, 2016 and 2015:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014	**4,350,000**	**0.22**
Granted (i)	350,000	0.27
Exercised (ii)	(300,000)	0.25
Balance, September 30, 2015	**4,400,000**	**0.22**
Balance, December 31, 2015	**5,000,000**	**0.22**
Granted (iii)(iv)	1,150,000	0.36
Exercised (v)	(200,000)	0.15
Balance, September 30, 2016	**5,950,000**	**0.25**

(i) On January 23, 2015, the Company granted a total of 350,000 stock options to consultants with each option exercisable into one common share of the Company at an exercise price of $0.27 per share until January 23, 2020. A fair value of $93,590 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.79%; expected volatility - 231% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 5 years. These options vested immediately upon grant. During the three and nine months ended September 30, 2016, $nil (three and nine months ended September 30, 2015 - $nil and $93,590, respectively) was expensed to share-based payments.

(ii) Refer to note 7(b)(iii).

(iii) On January 1, 2016, the Company granted a total of 350,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of $0.28 per share until January 1, 2021. A fair value of $96,180 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.73%; expected volatility - 210% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 5 years. These options vested immediately upon grant. During the three and nine months ended September 30, 2016, $nil and $96,180, respectively (three and nine months ended September 30, 2015 - $nil) was expensed to share-based payments.

(iv) On April 6, 2016, the Company granted a total of 800,000 stock options to directors, officers and consultants with each option exercisable into one common share of the Company at an exercise price of $0.39 per share until April 6, 2021. A fair value of $305,600 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.69%; expected volatility - 205% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 5 years. These options vested immediately upon grant. During the three and nine months ended September 30, 2016, $nil and $305,600, respectively (three and nine months ended September 30, 2015 - $nil) was expensed to share-based payments.

(v) Refer to note 7(b)(vi).

(Expressed in Canadian Dollars)

10. Stock options (continued)

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2016:

Options outstanding	Grant date fair value ($)	Exercise price ($)	Options exercisable	Weighted average remaining contractual life (years)	Expiry date
500,000	38,500	0.25	500,000	0.97	September 20, 2017
1,200,000	172,800	0.15	1,200,000	2.87	August 12, 2019
350,000	93,590	0.27	350,000	3.32	January 23, 2020
600,000	129,540	0.25	600,000	4.17	December 1, 2020
350,000	96,180	0.28	350,000	4.26	January 1, 2021
800,000	305,600	0.39	800,000	4.52	April 6, 2021
2,150,000	674,961	0.25	2,150,000	4.84	August 3, 2021
5,950,000	**1,511,171**	**0.25**	**5,950,000**	**3.88**	

11. Exploration and acquisition costs

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Nevada, United States				
Mineral exploration property acquisition	**$ -**	$ 66,249	**$ 32,508**	$ 97,472
Claim renewal	**82,883**	56,858	**82,883**	56,858
Consulting	**3,878**	-	**51,583**	80,112
Drilling	**28,339**	-	**229,662**	269,924
Transportation	**4,759**	-	**4,759**	-
Exploration	**-**	-	**-**	7,839
Reports	**-**	-	**810**	-
Laboratory and analysis	**16,608**	37,702	**59,450**	116,728
Metallurgical testing	**-**	-	**34,507**	-
	$ 136,467	$ 160,809	**$ 496,162**	$ 628,933
Yukon, Canada				
Consultant	**$ -**	$ 22,400	**$ 6,400**	$ 34,555
Exploration (recovery)	**20,529**	-	**(15,018)**	(47,782)
Assessment cost	**-**	8,742	**-**	8,742
Geologist expenses	**-**	30,000	**27,195**	30,000
Laboratory and analysis	**-**	9,550	**-**	9,550
Transportation	**13,469**	-	**18,918**	-
Geophysical survey	**23,500**	-	**34,040**	-
Accommodation	**-**	12,507	**-**	12,507
	$ 57,498	$ 83,199	**$ 71,535**	$ 47,572
Exploration and acquisition costs	**$ 193,965**	$ 244,008	**$ 567,697**	$ 676,505

(Expressed in Canadian Dollars)

12. General and administrative

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Professional fees	**$ 12,039**	$ 12,953	**$ 42,851**	$ 33,400
Salaries	**40,894**	31,095	**122,849**	93,282
Share-based payments	**-**	-	**401,780**	93,590
Regulatory fees	**6,135**	10,857	**24,619**	25,675
Accounting fees	**4,717**	4,477	**13,440**	12,897
Administrative expenses	**12,803**	17,807	**67,648**	81,067
Consulting fees	**36,915**	27,000	**91,046**	68,804
Investor relations	**61,873**	4,050	**177,498**	23,605
	$ 175,376	$ 108,239	**$ 941,731**	$ 432,320

13. Major shareholders and related party transactions

Major shareholders

To the knowledge of the directors and senior officers of the Company, as at September 30, 2016, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

Major shareholder	Number of common shares	Percentage of outstanding common shares
Norvista	8,834,165	13.26 %

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Related party transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.

Remuneration of key management personnel of the Company was as follows:

During the three and nine months ended September 30, 2016, $15,000 and $45,000, respectively (three and nine months ended September 30, 2015 - $15,000 and $45,000, respectively) was paid as a salary to Bruce Durham, the Chief Executive Officer of the Company, and as of September 30, 2016, Bruce Durham was owed $55,000 (December 31, 2015 - $45,000) and this amount was included in amounts payable and other liabilities. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

(Expressed in Canadian Dollars)

13. Major shareholders and related party transactions (continued)

Related party transactions (continued)

During the three and nine months ended September 30, 2016, $15,000 and $45,000, respectively (three and nine months ended September 30, 2015 - $15,000 and $45,000, respectively) was paid as a salary to Donald Christie, the Chief Financial Officer of the Company.

During the three and nine months ended September 30, 2016, $9,799 and $29,567, respectively (three and nine months ended September 30, 2015 - $nil) was paid as a salary to Duane Parnham, the Chairman of the Board of Directors of the Company.

In addition, during the three and nine months ended September 30, 2016, directors and officers of the Company received $210,100 (three and nine months ended September 30, 2015 - $nil) in share-based payments.

During the three and nine months ended September 30, 2016, rent of $6,867 and $17,168, respectively (three and nine months ended September 30, 2015 - $nil) was paid to Norvista. The amounts charged by Norvista were conducted on normal market terms and were recorded at their exchange value.

Refer to note 7(b)(iv) for transactions with Norvista. The Company has officers and directors that are also officers and directors of Norvista.

14. Segmented information

The Company primarily operates in two reportable operating segments, being mineral exploration in Canada and United States. The Company has an administrative office in Toronto, Canada. Geographical information is as follows:

	September 30, 2016	December 31, 2015
Canada	**$ 1,225,304**	$ 292,701
Total assets	**$ 1,225,304**	$ 292,701

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Canada	**$ (217,529)**	$ (189,566)	**$ (997,281)**	$ (476,114)
United States	**(136,467)**	(164,634)	**(496,162)**	(632,758)
Total net loss	**$ (353,996)**	$ (354,200)	**$ (1,493,443)**	$ (1,108,872)

15. Contingencies

The Company's exploration activities are subject to government laws and regulations, including tax laws and laws and regulations governing the protection of the environment. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Company records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.